

JPRS-CAR-92-038

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# ***JPRS Report***

## **China**

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# China

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5 June 1992

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## PROVINCIAL

### Anhui Radio Adjusts Programs 'To Promote Reform'

OW0405032592 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 2 May 92

[From the "Provincial Hookup" program]

[Text] To promote Anhui's reform and opening to the outside world through propaganda and to serve the needs of its economic revitalization, this station has made serious efforts to adjust radio broadcasts. Beginning on 4 May, it will broadcast new programs.

In recent years, while striving to do radio propaganda work better, this station has vigorously explored new ways of promoting reform through propaganda. Since last October, on the basis of deepened investigation and research, and after numerous discussions, members of the station have presented measures to adjust the programs. The new programs emphasize economic propaganda, news reporting, and participation by listeners.

New programs to be broadcast on 4 May include: "Great Economic World," and "Half Hour for the Countryside." These two general programs will primarily publicize model examples in accelerating the pace of reform, opening to the outside world, and economic development, to help revitalize Anhui's economy. The two general programs in existence, "Exchange Over the Air" and "Literature and Art Hot Lines," will appear in a new format and with new contents. The four general programs will be in a simulated live-broadcast format [as heard] and conducted by program hosts to let more listeners participate.

The station will also start an "International News" program and a "Radio Digest" program. Beginning on 1 June, the station will add international news in its morning "News and Press Review" and evening "Provincial News Hookup." In addition, it will broadcast XINHUA news agency's international news, and promptly broadcast events occurring in the world to satisfy the needs of listeners for higher standards of broadcast.

At the same time, the station will also adjust and change its existing programs in a bigger way. [words indistinct]

### Guangdong Acts To Curb Illegal Land Transactions

HK0105133092 Hong Kong ZHONGGUO TONGXUN SHE in English 1138 GMT 1 May 92

[Text] Guangzhou, May 1 (HKCNA)—The authorities are now strengthening administration of the land market in order to prevent illegal and nonstandard land transactions, according to the department concerned in Guangdong Province.

Despite the fact that there are 12 cities and 15 counties involved in the trial sale of utilization rights to state-owned land in rural areas, according to information released by the provincial Department of Land, direct trading of land and illegal transfer of land have been increasing in recent years. A total of over 2,000 such cases were cracked down on in 1989 and 1990 alone involving a total area of 1,190 mu and various professions.

This spontaneous land trading market resulted in a serious loss of state-owned assets while creating land speculation and disputes.

The Department of Land has ordered the local authorities to tighten administration of the utilization rights to allocated land. It also stated that transactions involving the transfer of utilization rights to allocated state-owned land and the leasing and mortgaging of such land must be approved in addition to meeting certain conditions. Other requirements involve signing a contract with the Department of Land and paying transfer fees. As for land utilized by foreign-funded enterprises, procedures will be further improved while taxes to be paid by foreign investors will be clearly stated and international practices will be observed.

The department concerned is scheduled to launch full-scale rectification within this year.

### Guangdong Private Enterprises Grow Rapidly

HK2805021692 Hong Kong WEN WEI PO in Chinese 22 May 92 p 6

[Report from Guangzhou: "The Number of Private Enterprises in Guangdong Has Sharply Increased"]

[Text] A report from Guangdong says that numerous industrial and commercial individual households in Guangdong have developed into private enterprise owners in recent years, thus facilitating a rapid increase in the number of private enterprises in the province. There are over 20,000 private enterprises in Guangdong and more than 300,000 individuals work in these enterprises, respectively accounting for 22 percent and 17 percent of the country's total figures and ranking the province first in China.

A recent survey conducted by Guangdong Province Federation of Industry and Commerce holds that private enterprises in Guangdong now have several special characteristics: First, most of them are engaged in industrial production, accounting for approximately 60 percent of the total. Commercial enterprises account for merely 30 percent, and this figure has also tended to drop.

Second, private enterprises are developing into export-oriented businesses. There are more than 400 export-oriented private enterprises in Guangdong involved in the businesses of processing supplied material and samples, assembling supplied parts, and compensation trade.

Exports of some private enterprises have been so well received that they have fallen short of overseas demand.

Third, trades have tended to become multifarious. Apart from such trades as industry, commerce, building, and catering, the number of private enterprises engaged in cultural services, art, information services, scientific and technological development, and other trades has increased every year. As some trades have become saturated, many private enterprises have begun to blaze new trails and have shifted to trades which are not so common. Investment in developing agriculture, forestry, and fisheries is emerging.

Fourth, many private enterprises are running diversified businesses while promoting joint operations. In view of the fact that competition between private enterprises in Guangdong has become increasingly intense, many enterprises have broken away from the traditional style of running business, that is, in-house production and marketing, and have shifted to collective processing and centralized management and marketing. Some private enterprises have jointly run businesses with state-run enterprises to give play to their advantages while alleviating disadvantages. Guangdong's Xinhui County Food Industry Group of Companies is a state-run enterprise, but 15 private enterprises are under its administration as well. In this way, state-run and private enterprises not only bring their respective advantages into play but also gain mutual benefits.

#### Hainan Policy To Protect Foreign Investments

HK0505061192 Hong Kong CHING CHI TAO PAO  
in Chinese No 16, 27 Apr 92 p 29

[“China Economic News” article: “Hainan Province Draws Up Policy To Protect Foreign Investments”]

[Text] Hainan Province has drawn up the “Regulations of the Hainan Special Economic Region on Foreign Investments.” The principal provisions for the protection of foreign investments are as follows: First, investment, industrial property rights, profits from investment, and other legitimate rights and interests of foreign firms in the Hainan Special Economic Region are protected by state laws; they can be transferred and inherited according to the law. Second, investments and other assets of foreign firms will not be nationalized or requisitioned. Moreover, in line with international practice and regulations and, under special circumstances, with the needs of the society’s public interests, foreign-funded enterprises may be requisitioned in accordance with the legal procedure and given corresponding compensation. Third, foreign-funded enterprises have the right to reject all irrational quotas. Regarding the number of items and criteria of fees charged on foreign-funded enterprises, with the exception of those stipulated in explicit terms by the state and the Hainan Provincial People’s Government, no department or unit may set other items or raise the criteria. Fourth, foreign firms may bring a suit in Chinese courts of law according to the law when their

investments or other legitimate rights and interests are illegitimately infringed upon.

#### Hainan Reports Rapid Increase in Taiwan Investment

OW1505092392 Beijing XINHUA in English  
0848 GMT 15 May 92

[Text] Haikou, May 15 (XINHUA)—Hainan Province, China’s largest special economic zone, has seen a rapid increase in the investment from Taiwan since the establishment of the first Taiwan-funded enterprise in 1988.

Statistics show that Hainan now has 186 Taiwan-funded enterprises involving a total investment of \$120 million, \$92.45 million of which were invested by Taiwan investors, accounting for one-seventh of the total overseas investment in the province.

Now Taiwan is the second biggest investor after Hong Kong in Hainan Province.

In Hainan, most of the Taiwan-funded enterprises are sole-funded firms covering the industries and trades of machine-building, electronics, electrical appliances, deep-sea fishing, textiles, new technology development, agricultural development and real estate.

In order to attract more investment from Taiwan, the Hainan provincial government has planned to open several development zones for Taiwan investors.

#### Tangshan Advances Development Zone Construction

OW2405024192 Beijing XINHUA in English  
0220 GMT 24 May 92

[Text] Shijiazhuang, May 24 (XINHUA)—Hebei Province’s Tangshan City, located near the Bohai Bay, has made great achievements in opening to the outside world with the construction of three development zones.

Through years of construction, the Tangshan Harbor development zone has completed high buildings, highways and railways, as well as other basic facilities. Tangshan Harbor will open to serve foreign ships by the end of 1992.

According to the overall plan of the harbor administration, eight 10,000 dwt [deadweight ton] berths, with an annual handling capacity of 4.3 million tons, will be built in the harbor area.

In tandem with the construction of the harbor, Tangshan City will also focus on the development of heavy and processing industries.

The Nanpu development area in Fengnan County is mainly built for foreign investors to invest in and establish enterprises and develop the real estate industry.

At present, a group of key projects including the Nanpu salt plant, Tangshan soda plant and Jidong (eastern Hebei) oilfield have been constructed or are under construction in the zone.

Meanwhile, Tangshan City set up a 147 ha [hectare] high-tech development zone in the central part of the city. The zone will engage in developing electronic information, integration of machinery and electricity, new materials, new energy resources, bio-engineering projects and effective energy-saving technologies.

Currently, factory workshops with a floor space of 15,000 square meters and a service building with a total floor space of 5,000 square meters are under smooth construction.

In addition, the first group of 29 high-tech enterprises and 55 varieties of new products have been approved to enter the zone.

To speed up the construction of development zones, the city government has decided to grant more decision-making power to enterprises inside the zones in terms of production, land use, and use of personnel.

#### **Hebei Overseas Investment Talks Conclude**

OW1205194492 Beijing XINHUA in English  
1504 GMT 12 May 92

[Text] Shenzhen, May 12 (XINHUA)—The overseas-oriented economic and technological cooperation talks held by Hebei Province from northern China finished satisfactorily here today.

During the seven-day-long talks, Hebei Province signed 430 contracts involving 1.36 billion U.S. dollars of overseas investment.

The provincial departments of industries, involving construction materials, medical supplies, metallurgy, electronics, textiles, machinery and chemicals, as well as agriculture announced some 1,000 cooperative projects to attract overseas investment.

About 513 businessmen from 14 countries and regions participated in the talks and signed 19 cooperative projects of over 10 million U.S. dollars.

The overseas businessmen showed interest in the land and real estate excavation of the province. Businessmen of Japan, South Korea, and Thailand expressed the wish to hold large shares in the land excavation business.

During the talks four land excavation contracts involving the cities of Qinhuangdao, Tangshan, Chengde and Shijiazhuang were signed.

Ye Liansong, vice governor of Hebei Province, said that his province will expand the cooperative fields and direction, and plan to hold the second such talks in September in Shijiazhuang City.

#### **Japanese To Develop Qinhuangdao Industrial Park**

OW2505124092 Beijing XINHUA in English  
1030 GMT 25 May 92

[Text] Shijiazhuang, May 25 (XINHUA)—To date, 330 million U.S. dollars worth of contracts to develop three pieces of land with a total area of 4.45 sq km in Qinhuangdao in northern China's Hebei Province have been signed since early this year.

A tract of land in Shanghaiguan, covering an area of 2.65 sq km, will be developed by a Japanese company. The new site will hold a golf course, restaurants and hotels, department stores, museums and racecourses.

The whole project will cost a total investment of 150 million U.S. dollars.

Six companies from Hong Kong and Macao will invest some 30 million U.S. dollars to develop .82 sq km of high quality apartments and villas as well as other entertainment facilities.

The aim of developing tracts of land is to attract productive enterprises and to build small industrial zones with foreign funds.

The 0.98 sq km Xiaodao Industrial Park inside the Qinhuangdao economic and technological development zone is expected to accommodate 60 to 80 solely-Japanese-funded enterprises at a cost of 150 million U.S. dollars.

#### **Jiangsu To Grant More Autonomy To Development Zones**

OW1704110192 Beijing XINHUA in English  
1033 GMT 17 Apr 92

[Text] Nanjing, April 17 (XINHUA)—Jiangsu Province in east China has adopted some measures recently to grant more autonomy to the Nantong, Lianyungang and Kunshan Economic and Technological Development Zones as part of its effort of improving the investment environment for foreign investors.

To speed up the construction of the development zones, the provincial government has granted power to the development zones in management, the approval of foreign-funded enterprises, land-leasing and import and export.

In line with the policy, departments concerned in the province will not interfere with the establishment of organs in the zones.

The development zones can enroll officials and workers openly from the society and will implement the all-member labor contract system. Wages of enterprise workers will be distributed according to economic efficiency.

In addition, the development zones can approve foreign-funded production projects each involving an investment of less than 30 million U.S. dollars.

They also have the power to make comprehensive plans for the use of land and natural resources in the zones.

Banks concerned are required to open branches in the development zones to help them collect funds. The development zones are also allowed to issue some bonds and shares with the approval of the departments concerned.

The province gives top priority to the development zones in the supply of water, electricity and materials.

The provincial government urged the development zones to do an even better job in the coming two years in imports and developing tertiary trades, enlivening markets and improving the investment environment.

### Dalian Technological Development Zone Makes Progress

HK1504071692 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1525 GMT 14 Apr 92

[Text] Dalian, April 14 (CNS)—After seven years' hard pioneering work, Dalian Technological Development Zone has attained a preliminary scale, acting as a "little Shenzhen" and leading north-eastern China's opening up.

To date, businessmen from 15 countries and regions have set up 272 three-type foreign-funded enterprises with pledged investment of over RMB 200 million, accounting for nearly one-third of the total investment of 14 technological development zones nationwide. Among them, 196 industrial enterprises have gone into production or pilot production, realizing an overall output value of RMB 2.3 billion last year, 2.8 times that of the previous year.

With good economic and technological conditions as well as natural environment, Dalian Technological Development Zone has become the hot point for international investment by businessmen from Northeast Asia. Construction items have basically filled up the first 10 sq. kilometre area which has been equipped with basic facilities at an investment of over RMB 700 million. Now installed there are 19 three-type foreign-funded enterprises with investment of over \$10 million each and in the case of 12 of these over \$20 million each. Forty percent of the foreign-funded enterprises there have attained an international technological level of the 1980s.

The investment of a batch of large Japanese enterprises with strong backing accounts for more than half of the total foreign investment. The Japanese Canon Company, for example, invested 3.8 billion Japanese yen in establishing its solely-funded enterprise with additional investment of 18.58 billion Japanese yen after formally

starting production last May. Over \$300 million additional investment is expected to be made by a number of famous big enterprises set up by Japan, Hong Kong and the U.S.

An industrial structure with electronics, machinery, chemical industry, light industry and textile industry as its core has been gradually formed in the Dalian Technological Development Zone, over one-quarter of which is made up of electronic and electrical industries. A batch of strongly competitive technological products has already entered the international market. Last year saw exports of \$260 million, 2.6 times that of the previous year.

### Liaoyang To Establish High-Tech Development Zones

OW1904143292 Beijing XINHUA in English  
1408 GMT 19 Apr 92

[Text] Shenyang, April 19 (XINHUA)—Liaoyang City in northeast China's Liaoning Province will set up a high-tech industrial development zone and four economic development zones, according to the city government.

Liaoyang City, one of the leading petroleum and chemical fiber producers in China, has all kinds of over 1,000 enterprises with 220,000 employees.

They involve light industry and industries of chemicals, textiles, building materials, energy, machinery, electronics, metallurgy and foodstuffs and their annual industrial value is over 6 billion yuan.

Li Yuzhen, vice mayor of the city, said that the high-tech development zone will be located in the Hongwei district in southeastern Liaoyang and cover a total of 1.5 square kilometers.

The city government plans to complete three sections in the zone before 2000. They will be divided into a scientific development section, a producing and processing section and a section of services, the vice mayor said.

The Hongwei High-Tech Development Zone will give top priority to the development of refined chemical products, chemical fiber and new types of chemical products, new types of plastics and products, new types of medicine and medical apparatus and instruments, and technology of automation and other export-oriented products.

Li said that the zone will not only receive local scientific research institutes, colleges, large- and medium-sized enterprises, and enterprise groups, but also attract investors from home and abroad.

In order to attract more overseas investors, the city government has worked out a series of preferential policies.

According to the policies, the vice mayor said, newly founded high- and new-technology enterprises and research institutes can enjoy exemption of product, value-added and turnover taxes for three years and exemption of income tax for five years. After the tax exemption term, they will pay a 15 percent rate of income tax. Foreign-funded enterprises can enjoy even more favorable treatment, he added.

Bonded warehouses will also be set up in the zone with the approval of the customs, Li said.

At the same time, four economic development zones will be built, including the Dongjingling and Hongwei Economic Zones, which will mainly develop polyurethane, medicine, refined chemical and chemical industry, chemical fiber and plastics, and the Liu'erbao and Dong'erbao Economic Zones, which will mainly develop steel processing, and leather pieces producing.

Li said that businesses in the four zones will enjoy the same preferential policies and treatment as those in the high-tech development zone.

Liaoyang City, located in the middle of Liaoning Province, has good transport facilities and communications equipment. At present the city has opened 20,000-line program-controlled telephones which can directly call other countries.

By the end of 1991, the city approved 29 foreign-funded enterprises with a total investment of 50 million U.S. dollars. In 1991 alone the city approved 11 foreign-funded enterprises.

Additionally, one of China's largest petroleum and chemical fiber projects is under construction in the city. The city plans to import advanced technology and major equipment from abroad for the 10 billion-yuan Liaoyang Petroleum and Chemical Fiber Company.

### Shandong Province Establishes New Economic Target

OW2004083092 Beijing XINHUA in English  
0811 GMT 20 Apr 92

[Text] Jinan, April 20 (XINHUA)—Shandong Province, an open coastal area in east China, has worked out new strategic goals for the coming 10 years to speed up the opening pace.

According to these goals, the number of foreign-funded enterprises in the province is expected to be 16 times that of 1990, and the number of its enterprises abroad will be 10.6 times that of 1990 by the end of this century.

Meanwhile, both the province's volume of export and the volume of the foreign investment it uses will quadruple that of 1990.

To realize these goals, the province will establish some open development zones in its eastern, central and western parts. It will adopt favorable policies to attract

more foreign funds. In the aspect of real estate, the province will encourage domestic and overseas businessmen to engage in the construction of infrastructural facilities to improve the environment for investment.

Meanwhile, the province has decided to technically upgrade its existing large- and medium-sized enterprises and set up more foreign-funded enterprises.

### Zhejiang's Ningbo Development Zone Achieves Results

OW2405020192 Beijing XINHUA in English  
0145 GMT 24 May 92

[Text] Hangzhou, May 24 (XINHUA)—The Ningbo economic and technological development zone in east China's Zhejiang Province has put stress on import projects, enterprise management and expanding its tertiary trade to upgrade its economic growth as a whole.

With approval from the State Council, the zone, set up in July 1985, has achieved good benefits in the past four years.

According to statistics, from January to April this year, the zone approved 118 foreign-funded enterprises involving a total investment of \$50 million.

Statistics show that in the first four months, the total industrial output value of the existing enterprises in the zone reached 180 million yuan, a 68 percent increase over the same period last year. The total industrial sales volume reached 170 million yuan, a 79.8 percent increase over the same period of 1991.

Following the increase of foreign-funded enterprises and development of industry, tertiary trade has developed in the zone.

In 1991 the zone set up a commodity center which now has 150 commercial units with a registered fund of 200 million yuan.

In the first four months of this year, the total business volume and export volume of the center respectively reached 400 million yuan and 36 million yuan, 89 and 98 percent increases over the same period of 1991 respectively.

Thanks to the development of industrial production and domestic and foreign trade in the zone, profits have greatly increased in recent years.

In the first four months, the zone paid 26.01 million yuan in taxes to the state, a 62.5 percent increase over the same period of 1991, and the total volume of after-tax profits reached 20.62 million yuan, a 3.3 times increase over the same period of 1990.

**Wenzhou Attracts Overseas Real Estate Developers**

OW2705014692 Beijing XINHUA in English  
0125 GMT 27 May 92

**[Text]** Hangzhou, May 27 (XINHUA)—Wenzhou City in east China's Zhejiang Province, has become a new favorite for real estate development by overseas investors, according to local government officials.

**One of the officials noted that businessmen from over 50 firms in over 10 foreign countries and regions attended a recent fair centering on real estate development projects and renovation of the older section of the city.**

**Over 20 agreements related to various real estate projects involving construction projects with over 500,000 square meters of floor space were signed between the local government and overseas firms during the three-day fair.**

**In 1987, Wenzhou became the first city in China to rebuild the older urban sections by developing its real estate sector. Two years later, the city again led the country in updating the old city by introducing overseas funding.**

**The bold moves have been hailed by both central and provincial leaders.**

**During the recent fair, the city government offered some 118 hectares of the land located along 16 main streets and roads for overseas investors to develop real estate. The area covers about one-eighth of the total land available in the old city.**

**The overall investment for the 10-year renovation effort is expected to cost over 2.5 billion yuan (about \$450 million).**

**Zhou Shiyi, general manager of a Sino-French joint real estate firm, which signed the first contract with the city government during the fair, told XINHUA he is fully confident of investing in real estate in Wenzhou.**

**Wenzhou Mayor Chen Wenxian said the city has become relatively prosperous in recent years, and local residents now hold over 7.5 billion yuan (about \$1.35 billion) in bank deposits and cash.**

**He noted that the city is an ancestral [as published] of over 300,000 overseas Chinese and Taiwanese compatriots, a fact which has laid a basic and sound foundation for the city to develop its real estate market.**

**The city government has established a special headquarters to administer the reconstruction effort and to provide overseas investors with quality services.**

**FINANCE, BANKING****Economic Impact of 1300 Billion Yuan of Savings**

92CE04144 Beijing JINGJI RIBAO in Chinese  
13 Apr 92 p 1

**[Article by Wang Zhi: "Savings: Facing 1,300 Billion Yuan"]**

**[Text]** Editor's Note: Ten years ago, people had no idea about what "financial assets" were. Even today, the phrase "financial assets" remains a strange one to the overwhelming majority of the Chinese people. In fact, the so-called "financial assets" are assets that exist in the form of value. They consist of bank deposits, cash, securities, etc. Presently, private "financial assets" in China reach 1,300 billion yuan. They pointedly demonstrate the achievements of reform and opening up, and also provide a material base for future efforts to quicken the steps of reform and opening up; 1,300 billion yuan is no small amount. What role and impact will it exert on our economic life? Such questions are worth exploring.

Beginning today, this paper will publish, on separate occasions, four commentaries that will preliminary analyze the 1,300 billion yuan of assets in four areas. [end editor's note]

**While people grumble about various inconvenience in life, their pockets are becoming rich.**

Economists use the phrase private financial assets to describe the population's privately held savings, cash and various securities. The amount of all these in the pockets of the people of China is very substantial: 1,300 billion yuan. Compared with the amount in 1978 when reform began, the increase is 2,900 percent over 13 years.

The 1,300 billion yuan of financial assets make people, in their personal experience, feel the real benefits reform has brought about, and have also, to some degree, laid the foundation for further accelerating reform and opening up. It is in this sense that having a certain perspective on the multifaceted significance of this huge amount of financial assets can, to some degree, serve to broaden our horizon and enrich our thinking on issues of reform and opening up.

Of the 1,300 billion yuan in financial assets, private savings, with 911 billion yuan, account for the largest part. This figure was based on statistics available at the end of 1991. By 20 March this year, savings of the urban and rural population exceeded 1,000 billion yuan. February of this year alone saw an increase of 50 billion yuan. In recent years, the savings of the urban and rural population have maintained a trend of rapid increase. In terms of annual increases, the amounts were 72.8 billion yuan in 1988, 133.5 billion yuan in 1989, 188.7 billion yuan in 1990, and 207.6 billion yuan in 1991. The steady increase in saving deposits has gradually eliminated worry about a "tiger in a cage." The worry based on seeing savings as a "tiger in a cage" seemed to have been

to some extent justified by the running on banks that took place for a time in 1988. However, with the suppression of inflation, and with the fall in the rate of price increases, people have enhanced their psychological capacity to endure. Thus, savings deposits are no longer a "tiger in a cage."

The change in the structure of savings and the obvious greater stability in savings deposits also testify to the soundness of the argument made above. According to a study conducted by the Bank of Industry and Commerce of China, of the newly added bank deposits in recent years, time deposits and current deposits have kept between a ratio of about 9:1. The large increase in time deposits indicates that savings will not be easily affected by small disturbances. This stability is also demonstrated by the subtle changes in people's intentions. The past practice of saving money to buy big-ticket items is no longer the main objective of saving money. According to the fourth survey on the urban and rural populations' intentions concerning the use of their savings conducted by the People's Bank of China last year, 21 percent of depositors said that savings are for "their children's education"; 15 percent of depositors said for "reaping interest"; 12 percent of depositors said "for old age"; 11 percent of depositors said "to purchase or build a home." Altogether 59 percent are in these four categories. This indicates that motivations for savings tend to be for longer-term consumption, and motivations based on medium-term and immediate consumption have been somewhat weakened.

In a country like ours with chronic capital shortages, increased savings undoubtedly provide a stable source of bank funds, but have also resulted in profound changes in the structure of bank funds. The main sources of our credit funds are central bank loans, bank deposits, and the bank's own funds. Before 1980, the share of private saving deposits in the total amount of various bank deposits had always been smaller than that of enterprise deposits, revenue deposits, and institutional deposits. With the rapid, large increase in savings, the share of savings deposit in all deposits has increased yearly, and reached over 50 percent, becoming the largest share.

This change in the position of private saving deposits has led to changes in the structure of bank credit funds. Since 1988, 70 percent of the funds needed for China's economic development have depended on credit funds, and savings account for over 70 percent of the newly added amount provided by the funds source of bank credits. Of the newly added credit of 289.5 billion yuan in 1991, saving deposits accounted for 71 percent. In other words, private savings are playing a major role in engendering bank credit funds.

Banks regard private saving accounts as "hard debts." Banks are obligated to pay, in a timely fashion, principle and interest to the individuals concerned. However, private savings are not put in bank safes, but are lent as loans to enterprises. This has created a debt chain in which enterprises owe banks money, while banks owe

depositors money. If money involved does not move well at the link of enterprises, and if loans are not repaid on time, then banks have difficulty paying principle and interest on private saving accounts. The reality of economic life indicates that it is exactly in the use of funds that the problem of low efficiency lies.

Low efficiency in the use of funds is pointedly demonstrated in the large inputs of loans, low rates of repayments, and slow circulation. According to statistics provided by the Bank of Industry and Commerce for 40,000 state-owned industrial enterprises, presently, it takes 250 days for circulating funds to complete one round of circulation, 90 days slower than 1987 which was a rather normal year in history. At the same time, a substantial part of the loans are used for covering the enterprises' various losses. The serious overstocking of products also ties up a large part of credit funds. The continued slow circulation of credit funds is difficult for banks and the entire national economy to bear.

All signs remind financial circles that it is necessary to emphasize efficiency and pay attention to risk factors in using credit funds, and that the phenomenon of providing loss-incurring enterprises with large amounts of loans cannot go on any longer. However, at present domestic enterprises have large losses. There are no forceful means of compelling enterprises to repay debts, and banks seem to be in a quandary.

Some in financial circles have suggested ways to expand the difference between interest rates on deposits and loans to improve efficiency in the use of funds. In China, interest rates for deposits and loans have been lowered three times, going from the historical high at the end of 1989 to the 1987 level. In view of the present situation, if it is still possible to further lower interest rates on deposits, it will be very difficult to raise interest rates on loans amidst the cry of enterprises to lower interest rates. In addition, the State Council has already publicly declared that interest rates on loans will be lowered at an appropriate time.

Consequently, promoting the diversification of financial assets and gradually introducing people to alternative ways to save appears to be an effective way to reduce bank risks related to their liabilities. It is necessary to direct enterprises towards the market, and let enterprises have more opportunities to raise funds directly on the market, rather than completely relying on banks as was the case in the past. This will require increasing the variety and quantity of enterprise stocks and bonds, and establishing a fully developed financial market as soon as possible. This has become the common understanding among many in economic circles.

On the other hand, all sectors of society are demanding, increasingly strongly, the acceleration of reform of the financial system. With regard to banks themselves, it is first necessary to introduce enterprise-like operation in

specialized banks through reform, to meet the demands of market development, and raise the economic efficiency of banks.

"Money is not a panacea, but without money nothing is possible." It is not a bad thing for ordinary people to have more money; the key lies in how we use this sum of money effectively. Although people still have no way of making accurate predictions on what will happen with regard to private financial assets, increased saving deposits will gradually slow down in the period to come, with growth in such forms of financial assets as stocks and bonds. This will lead to a more rational composition of private financial assets.

### Securities Markets Need To Be Standardized

92CE04134 Hong Kong CHING CHI TAO PAO /ECONOMIC REPORTER/ in Chinese  
No 14, 13 Apr 92 pp 18-19

[Article by Yu Yan: "Securities Markets on the Mainland Urgently Need Standardization"]

[Text] The development of securities markets on the mainland is arousing attention at home and abroad.

By the end of 1991, various securities worth 62.4 billion yuan (RMB, the same below) have been issued with the approval of the state. The total volume of transaction for the entire year was 55.47 billion yuan. Of that amount, 44.79 billion yuan was in state bonds, accounting for over 80 percent. This indicates that, by gradually adopting the widely-used international practice of consignment sale, a market-based method for issuing state bonds has been adopted. Of the securities traded, about 10 percent were enterprise stocks, certificates of deposits of large sums, and enterprises' short-term fund-raising bonds. At present, there are three major trading markets, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the National Securities Trading Automatic Quotation System (the STAQ system). Nationwide, there are about 50 large securities firms, about 300 trust and investment companies, and about 2,000 centers, of various types, for securities business. On 30 November 1991, Shanghai Vacuum Electronics Co. Ltd. and a consignee group headed by the Shanghai Shenyin Securities Company signed a consignment sale agreement for the issuance of 1 million shares of special RMB stock (Type B stock). This was the first time that a Chinese enterprise conducted fund-raising on the international capital market by issuing stocks, and represented the first step in the development of China's securities markets towards internationalization, thereby pioneering the all-directional opening up of securities markets and the understanding and using other countries' experience in and techniques to develop securities markets. In 1991, stockholders from Shanghai and Shenzhen conducted exchanges. In addition, the nationwide STAQ system has closely linked up with 13 cities, 40 members, and six varieties of financial securities traded under within-system quotation through modernized

computer networks. This shows that China's securities markets are developing towards standardization. This development will promote the development of China's capital market.

While China's securities markets have achieved significant progress in their development, there also exist many problems that need to be solved.

1. The imbalance between supply and demand on the stockmarket has created potentials for sudden surge and plunge of prices. Because there were too few stocks available for trading, and demand was tremendous, for a time stock prices only rose but did not fall. For instance, at the end of last year the market earning rate for the stock of the Shanghai Feile Co. Ltd. reached 53,800 percent, the highest priced stock in the world. This sudden price surge stimulated the growth of a penchant for huge quick returns on the part of stockholders, weakened the sense of risk, and provided abnormal guidance for trading behavior. The blindness demonstrated by stockholders not only has created potential for likely future stockmarket plunge, but will also affect the healthy development of securities markets.

2. Securities markets themselves are still in their early phase characterized by the absence of standardization and full development. For instance, the term structure is not diversified and mainly consists of the three-year term. There are neither short-term debts of terms of less than three years, nor long-term debts of terms of more than five years. On the one hand, enterprises cannot accommodate each others' surpluses and deficiencies through the capital market when they have short-term capital surpluses or losses. On the other hand, money from state bonds cannot be used for some large construction projects as the maturity cycles for state bonds are too short. Another example, the accounting systems of the listed enterprises are not unified, it is difficult for investors to evaluate, on the basis of information presented by the systems, the enterprises' performance so as to determine their investment orientation.

3. Laws and regulations urgently need to be fully developed. Now, except for a series of local regulations and laws for regulating the securities markets formulated by Shenzhen and Shanghai municipalities, there are still no uniform national laws and regulations such as "Securities Law," "Securities Trading Law," "Stock-System Corporations Law," "Investment and Trust Law," "Accounting System for Stock-System Enterprises," and "Code of Conduct for Operators." Neither are there institutions for evaluating securities' capital credit. As a result, investors do not have criteria for evaluating the performance of listed enterprises, and investors have misgivings because investors' rights and interests are not protected. In addition, the lack of fully developed laws and regulations can also lead to disorder and turmoil in the securities markets, thereby affecting their reputation and development.

**4. The stockmarket is not related to enterprises' performance.** Investors in stocks are not concerned about the stock-issuing firms' performance, but only about returns on the invested capital. As a result, the stockmarket cannot effectively stimulate enterprises to improve their performance, and such a situation represents the opposite of what was intended by listing enterprises on the stockmarket. In addition, stockholders are mostly private individuals, and the shares are too widely scattered around, there are too few institutional stockholders, and there is a lack of circulation on the stockmarket. This is an important reason for the serious imbalance between supply and demand on the stockmarket, and needs to be solved.

In view of the problems discussed above, some experts suggest: Perfect securities laws and regulations as soon as possible, and improve the securities regulatory system, so that China's securities markets can be first standardized and then developed on the present experimental basis, so as to avoid paying too high a price. At the same time, establish, as soon as possible, national institutions for evaluating securities' capital credit and enterprise assets, so as to protect the interest of investors and restrain the conduct of stock-issuers. Under the precondition of having fully developed laws and regulations and improved management, it is necessary to continue to expand stock issuance to alleviate the imbalance between supply and demand.

If mainland stocks and bonds can be traded in Hong Kong, this may push the mainland to learn from the rather standardized regulatory practices in Hong Kong's well-developed securities market, and gradually familiarize and accustom itself to international laws and practices on securities exchange. All this can create conditions for China's securities industry to develop towards internationalization and transnational operations, and would also be conducive to strengthening the links between China's economy and the world economy, thereby promoting the economic prosperity of both the mainland and Hong Kong.

According to estimates made by relevant institutions, in 1992 China's securities markets will register significant development. The volume of issuance may exceed 100 billion yuan. The variety and term structure of securities will also improve. In Shanghai and Shenzhen, there may be over 50 varieties of stocks, a 300 percent increase over 1991. Township enterprises will also become an active force on the stockmarket.

The securities industry—a newly emerging industry on the mainland—is developing towards standardization on the basis of experiment.

#### **Shanghai To Spread Enterprise Share-Holding System**

OW 2405022292 Beijing XINHUA in English  
0208 GMT 24 May 92

[Text] Shanghai, May 24 (XINHUA)—East China's Shanghai City will introduce the share-holding system

into over 60 percent of its 4,300-plus collective enterprises in the next four years.

Municipal officials told XINHUA that so far 20 of the city's collective enterprises have been designated as the first group of enterprises to adopt share holding systems. Six enterprises have completed their plans to adopt share-holding system and will carry out the plans soon.

According to local resources, each worker in the shareholding enterprises should purchase 2,000 yuan in shares of the enterprises. Workers will have their dividends and salaries linked to profits of their enterprises.

Local experts said that the advantage of the shareholding system is connection of productivity with the workers pay scale.

#### **Pudong Construction Bonds Listed on Shanghai Exchange**

OW 1205100692 Beijing XINHUA in English  
0943 GMT 12 May 92

[Text] Shanghai, May 12 (XINHUA)—Bonds issued for the first phase construction of Shanghai's Pudong New Area were listed today on the Shanghai Securities Exchange.

The Pudong construction bonds, valued at 500 million yuan (about 90 million U.S. dollars), were issued jointly by the Shanghai Jiushi Company, the Shanghai Investment and Trust Company and the Shennen Power Development Company.

The companies issued the bonds under a trust agreement with the Shanghai municipal government.

The three companies issued varying amounts of the 500 million yuan bond issue, with the Jiushi company offering bonds valued at 300 million yuan, Shanghai investment issuing 200 million yuan in bonds, and the remaining 100 million yuan coming from Shennen power.

The bonds, which were denominated with face values of 500 yuan and 1,000 yuan, have a five-year maturity date and carry an annual interest rate of 10.8 percent.

According to official sources, the central government has authorized Shanghai to issue 500 million yuan in Pudong construction bonds each year during the Eighth Five-Year Plan period (1991-1995).

#### **Shenzhen To Grant Expanded Services to Overseas Banks**

HK0305051492 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 3-9 May 92 p 2

[By Song Ning: "Shenzhen Seeks Help To Finance Expansion"]

[Text] Shenzhen—Overseas banks will be allowed to open in greater numbers and expand their service areas

here to help ease a shortage of funds in this booming special economic zone (SEZ).

Zhang Hongyi, vice-mayor of Shenzhen, said it is necessary to let branches of 16 overseas banks become more involved in the city's dynamic economy because of a lack of capital resources, especially for construction.

He told **BUSINESS WEEKLY** that the government is considering offering them limited opportunities to do business in Renminbi for the first time, but he wasn't specific.

At present, overseas banks are allowed to deal solely in foreign currencies. They are limited to taking deposits from foreign-funded enterprises and do hard currency lending.

The Hong Kong and Shanghai Bank, Citibank, and Standard and Chartered Bank handle clearing and settlement of transactions of B shares in the securities market, which were developed exclusively for foreigners. B shares are denominated in Renminbi but purchased in U.S. or Hong Kong dollars.

Foreign banks now operate only in special economic zones and in Shanghai. But the central government has agreed to allow these banks to set up branches in some other cities, including Guangzhou and Tianjin.

Now, said Zhang, foreign banks are pressing for access to Renminbi business.

He said Shenzhen will allow more foreign banks to open branches and permit some of the 12 representative offices in the city to upgrade themselves to branches.

Three banks have applied for branches in the city; one is from a Nordic country and two are from Southeast Asia.

Zhang said the government wants a balanced representation of overseas banks so Shenzhen can raise funds around the world. The 16 branches currently with offices in Shenzhen are from Hong Kong, Japan, the United States, Britain and France.

"Financial institutions in Shenzhen are hard put to fully meet our SEZ's fast growth and expanding capital needs," said the vice-mayor.

A local bank manager estimated that Shenzhen will need about 100 billion yuan (\$18.2 billion) to accomplish its 10-year development plan. Its imports and exports are expected to grow at an annual rate of 15.8 percent, reaching \$13 billion in a decade.

Zhang said overseas bank branches have already played a significant role in the city's development.

In 1991, they took in \$1.4 billion of deposits and made \$1.6 billion in loans. In the same period, Chinese banks in the city received a total of \$2.6 billion in foreign currency deposits and granted \$2.2 billion in loans.

More important, foreign banks have introduced new procedures that encourage state-owned banks to restructure themselves, improve their management practices and learn new ways to cope with competition.

## INDUSTRY

### Measures Implemented To Advance Chemical Industry

OW-2505125292 Beijing XINHUA in English  
10J7 GMT 25 May 92

[Text] Beijing, May 25 (XINHUA)—China plans to implement a series of important measures designed to accelerate the technological advancement of the country's chemical industry.

The Ministry of Chemical Industry announced plans today to place investment priority during the next three years on the technological innovation of the key enterprises. The goal of the plan is to update at least one-third of the industry's facilities to international standards of the 1980's, and to ensure that new products account for at least seven percent of the total industry output.

In addition, some 82 percent of the country's over 200 large- and medium-sized chemical enterprises will allocate one percent of total sales for technological updates.

A number of provinces will also allocate special funds to scientific research institutes for the development of a high-tech chemical industry.

As part of the effort to accelerate the rate at which scientific achievements are actually produced, some 60 percent of the country's major chemical research institutes have located in special and coastal economic development zones, and 50 percent of the group have located specifically in high-tech development zones.

China's chemical sector has long held a position of great importance, and, at present, the country has 6,668 chemical plants above the county level.

The sector's industrial output value for 1991 reached 151.9 billion yuan, 15.5 billion yuan of which was in the form of profits.

Ministry officials pointed out that the chemical sector has lagged behind the country's general economic development in recent years, and can hardly meet demand in terms of quantity, quality and the variety of products. At present, chemical products valued at over eight billion U.S. dollars must be imported each year, while exports amount to only two billion U.S. dollars.

As part of an effort to overcome this problem, China has organized over 4,000 scientists and technicians from more than 150 scientific research institutes to engage in the research and development of new chemical products.

The ministry also plans to promote more than 150 recent scientific achievements in order to increase the output

value resulting from technological advancement to level equal to one-third of the sector's total output value.

### Measures To Curb Imitation Pharmaceutical Production

OW2303122492 Beijing XINHUA in English  
1102 GMT 25 May 92

[Text] Beijing, May 25 (XINHUA)—China plans to implement a special management program for pharmaceuticals in order to curb the production of fake products and ensure the safety of people purchasing medicines.

Qi Moja, director of the State Pharmaceutical Administration, made the announcement here today in a report to a number of deputies to the National People's Congress (NPC).

It is learned that the special management refers to investigations into the production capacity of enterprises, ensuring that any wholesale of pharmaceuticals is done only by qualified state departments, and limiting production to actual demand.

Qi stressed that the wholesale of pharmaceuticals must be limited to certified state departments in order to control special features related to the products, and combines both planning and market. The major reform effort is expected to bring China more in line with accepted international management practices in this sector.

According to the director, trial operations related to the special management practices will begin later this year in Inner Mongolia, Tangshan in Hebei Province, Changchun in Jilin Province, as well as other provinces.

During the fifth NPC session held in Beijing earlier this year, a large group of deputies introduced a motion to draft a law on the special sale of pharmaceuticals in order to curb present practices at the earliest possible date.

At present, the more than 1.5 million people who work in China's pharmaceutical sector produce over 1,300 varieties of 24 major categories of pharmaceuticals, in addition to some 2,500 varieties of seven categories of medical equipment.

### Foci of Automobile Industry in Next Five Years

HK0203073792 Hong Kong CHING CHI TAO PAO  
in China No 13, 20 Apr 92 p 23

[“China Economic News” article, “Foci of Automobile Export in Eighth Five-Year Plan”]

[Text] The plan for the exportation in China's automobile industry in the Eighth Five-Year Plan requests that the total foreign exchange earned during these five years reach \$2.6 billion, with an average annual growth rate of 24 to 28 percent.

The foci of exportation in China's automobile industry are as follows:

1. Mainly supporting the export of such automobile products as large buses, refined cars, motorcycles, and car engines.
2. Strengthening the pre-sale and after-sale services; setting up repair service centers in areas importing complete cars by wholesale, and planning to establish express supply centers for car parts.
3. Expediting the implementation of the “Regulations on Controlling Quality Certificates of Automobiles for Export.”
4. Strengthening the professional training of foreign trade enterprise managers, factory directors, and foreign trade workers, changing the enterprise leaders' concepts of production and management, and improving the quality of foreign trade workers.
5. Rectifying the order in exportation and straightening out work relations.
6. Giving full play to the role of chambers of commerce in deterring exporting enterprises from slashing prices uniformly to vie for the market.
7. Establishing and developing an effective system of quality safeguard and affixing the responsibility on the concerned unit when a bad impression has been created abroad because of the export of substandard products.
8. Encouraging automobile enterprises in China to set up factories abroad to broaden the channels for automobile exportation.

**Output of Light Industry in Jan-Mar**

HK1604121392 Beijing CEI Database in English  
16 Apr 92

(Text) Beijing (CEI)—Following is a list of the output of China's light industry in January-March period of 1992 released by the State Statistical Bureau.

Item	Unit	1-3/91	1-3/92	Up (percent)
Beverage	10,000 t	927.1	828.57	-11.0
Strong liquor	10,000 t	197.50	176.34	-12.1
Watch	10,000	1736.19	1883.1	+8.9
Camera	10,000 t	76.21	77.33	+1.5
TV set	10,000 t	675.17	678.4	+0.5
Color TV	10,000 t	306.40	288.27	-6.3
Video recorder	10,000 t	15	21.10	+80.0
Radio	10,000 t	314.81	444.12	+39.2
Tape recorder	10,000 t	566.93	716.96	+21.7
IC (expansion unknown)	10,000tpe	2383.43		8.0
Lamp-watt	10,000tpe	271.70		34.0
Washing Machines	10,000 t	193.71	192.01	-1.0
Electric fan	10,000 t	1717.75	1610.42	-6.7
Refrigerator	10,000 t	112.02	98.99	-13.4
Air conditioner	10,000 t	28.32	281.5	
Vacuum cleaner	10,000 t	28		20.0
Electric cooker	10,000 t	208.11		-2.9
Sugar	10,000 t	489.97	398.22	-21.0
Salt	10,000 t	185.41	177.8	-4.3
Cigarettes	10,000 t	811.00	779.1	-4.1
Beer	10,000 t	162.37	126.53	-28.3
Liquor	10,000 t	129.14	123.40	-4.7
Canned food	10,000 t	36.18	25.38	-42.6
Dairy products	t	7748.7		13.1
Feed	10,000 t	689.40	538.34	-26.1
Machine-made paper and kraft	10,000 t	307.72	270.77	-13.6
of Newspapers	10,000 t	10.88	10.89	-0.5
Retail printing paper	10,000 t	14.02	13.11	-6.9
Synthetic detergent	10,000 t	39.07	36.36	-7.9
Detergents	t	20658.27	20235	-2.1
Plastic products	10,000 t	103.02	82.79	-26.0
Farm film	10,000 t	21.73	12.67	-71.5
Bulb	100,000			6.40

Note: t=tent, p=price, t=ton, t=tonnes, t=p=million price

**Light Industrial Sales by Area in First Quarter**

HK2004084492 Beijing CEI Database in English  
28 Apr 92

(Text) Beijing (CEI)—Following is a list of light industrial sales value by areas in China in the first quarter of 1992, released by the State Statistical Bureau.

Area	1-3/91	1-3/92	Change over 1-3/91 (pct)
Total	939.67	3470.81	+14.8
Beijing	26.37	30.31	+1.5
Tianjin	24.08	32.05	+32
Hebei	37.03	93.93	+133
Shandong	10.24	21.53	+21.9
Inner Mongolia	8.11	20.90	+26.0
Liaoning	33.47	38.82	+16.3
Jilin	17.35	48.42	+11.3
Heilongjiang	22.43	37.89	+22
Shanghai	81.33	226.19	+109
Zhejiang	125.01	330.63	+130
Yunnan	82.37	211.87	+24.2
Airui			
Fujian	27.68	71.61	+16.8
Jiangsu			
Shandong	83.63	216.53	+20.7
Henan	40.56	102.19	+18.0
Hubei	38.15	100.40	+12.6
Hunan	27.08	71.17	+19.6
Guangdong	124.82	314.00	+18.6
Guangxi	18.78	48.61	+0.7
Hainan	3.18	10.17	+18.3
Sichuan	45.29	123.80	+14.8
Qinghai	7.80	20.35	+16.3
Yunnan	16.82	46.63	+1.4
Tibet			
Shaanxi	14.07	39.09	+9.3
Gansu	3.03	13.60	+13.3
Qinghai	1.19	3.02	+11.0
Ningxia	1.23	3.33	+9.1
Xinjiang	10.62	31.26	+23.1

**Industrial Sales by Area in First Quarter**

HK2004084592 Beijing CEI Database in English  
28 Apr 92

(Text) Beijing (CEI)—Following is a list of the industrial sales value by area in China in the first quarter of 1992, released by the State Statistical Bureau.

Area	1991	1-3/92	(Unit: 100 million yuan)
Total	1871.31	3172.62	17.8
Beijing	68.18	101.89	13.2
Tianjin	51.92	80.03	15.1
Hebei	84.72	115.16	17.0
Shanxi	42.30	68.96	16.3
Inner M.	22.29	31.58	18.1
Liaoning	121.43	151.91	15.7
Jilin	46.96	68.01	15.0
Heilongjiang	71.71	109.40	5.8
Shanghai	170.33	264.26	19.3
Jiangsu	241.31	323.35	19.2
Zhejiang	180.12	241.41	24.2
Anhui			
Fujian	44.80	113.90	18.0
Jiangxi			
Shandong	164.27	276.50	21.4
Henan	88.13	212.90	15.8
Hubei	83.20	224.71	17.5
Hunan	61.62	160.36	17.8
Guangdong	184.10	497.17	22.2
Guangxi	32.58	55.17	8.8
Henan	4.66	13.92	27.1
Sichuan	106.63	281.58	18.0
Guizhou	19.40	51.58	19.2
Yunnan	32.84	90.84	9.2
Tibet			
Shaanxi	38.43	90.84	10.8
Gansu	25.36	64.34	13.5
Qinghai	4.34	10.99	8.5
Ningxia	3.98	11.95	9.8
Xinjiang	20.81	59.31	21.6

**First-Quarter Industrial Output in 13 Cities**HK 2904094/92 Beijing CEI Database in English  
28 Apr 92

**(Text)** Beijing (CEI)—Following is a list of industrial output value and sales value in 13 Chinese cities authorized to formulate their own plans independently in the first quarter of 1992, released by the State Statistical Bureau.

	Output	Up over 1-3/91 (p.)	Sales	Up over 1-3/91 (p.)
Shenyang	83.70	19.1	73.93	19.8
Dalian	66.71	18.8	58.18	20.4
Changchun	38.12	23.3	33.14	23.7
Harbin	50.92	18.6	42.84	9.0
Nanjing	97.10	34.0	86.02	29.3
Ningbo	24.94	29.9	22.79	27.0
Xiamen	23.54	16.8	21.61	30.0
Quzhou	70.80	14.0	61.92	16.5
Wuhan	74.58	-0.3	69.39	17.3
Guangzhou	131.24	22.3	122.80	23.1
Chongqing	60.87	14.0	74.89	13.9
Chengdu	64.82	19.0	60.65	19.0
Xian	42.07	14.3	35.08	11.1

Note: Industrial output value is measured in 1990's constant price.

**LABOR****Retirement Insurance System Improves**92CE03894 Hong Kong LIAOWANG [OUTLOOK]  
OVERSEAS EDITION in Chinese No 13, 30 Mar 92  
pp 12-13

[Article by Liang Jianzeng (2733 1696 1073): "Reforms in China's Retirement Insurance System Show Results"]

**(Text)** According to criteria established by the International Population Organization, a country has an aging population if 10 percent of its people are over 60 years of age. In 1990, the elderly population of China was nearing 100 million, accounting for about nine percent of the country's population, and about one-fifth of the whole world's elderly. Authorities estimate that around 1995 China will enter the ranks of countries with elderly populations. Beijing, Shanghai, Jiangsu and other provinces and municipalities are now ahead of schedule, having elderly populations already. This rapid transition from a society with a mature population to one with an elderly population poses a severe test for the whole society. Of the most pressing problems, none is greater than how to pay for retirement costs to assure that workers will have security in their old age.

At present, China has 22 million retired people, and in 1990 expenditures for retirement costs were 46.6 billion yuan. It is forecast that, by the end of this century, China will have 40 million retired workers, and retirement costs will jump to 150 billion yuan.

### **Enterprises Cannot Be Expected To Carry the Pension Burden by Themselves**

The Chinese people are proud of their traditional virtue of caring for the elderly, whether they are relatives or not. In the early 50's, the State Council promulgated regulations on "Social Insurance for Workers." According to these regulations, each month enterprises should pay an amount equal to three percent of their payroll to the workers' social insurance fund, to be used to pay the costs of retirement and various kinds of long-term benefit payments for workers. The workers' insurance fund is managed and centrally allocated for use by the National Confederation of Trade Unions.

But during the 10 years of upheaval, this overall financing system broke down, retirement costs were paid individually by enterprises, and pensions for the elderly all at once regressed from insurance by society to insurance by enterprises. The most direct and obvious shortcoming of this was that certain enterprises, where retired workers were increasing rapidly in number, began to be more and more heavily burdened.

In the 80's, a large number of workers who participated in the work of establishing New China in its early period steadily entered retirement age. In the textile, grain, and service industries, retirement costs were equivalent to 50 percent or more of payroll, and at some individual enterprises they even exceeded 100 percent.

At the same time, at some new enterprises, and in the emerging industries of electronics, instruments and chemicals, retirement costs are less than five percent of payroll. Many enterprises do not even have one retired worker.

If this continues, the lopsided discrepancy in retirement costs between new and old enterprises will become more and more pronounced.

In addition, because of implementation of China's family planning policy, in the future elderly people will make up the majority in families. China's ancient tradition of children providing economic support to aged parents, which was established on the foundation of large families, will be hard to continue.

It is easy to see that, in the process of developing mass production through social labor, the degree of socialization of labor and the social nature of risk are greater and greater, and responsibility must be assumed more and more by society generally.

### **Results of Pilot Programs in Overall Social Financing of Retirement Insurance**

In 1984, China's Department of Labor began the process of reforming the retirement system. It carried out pilot programs in overall social financing of old-age insurance in a small number of cities in Guangdong, Liaoning, Jiangsu, Sichuan, etc. The nation collected, from all enterprises, a certain uniform proportion of their payroll for a unified retirement fund, made global adjustments,

and then returned the money to each enterprise based on what it actually needed for its retirement costs. Overall financing transforms the responsibility of enterprises into the responsibility of society, so that society guarantees the livelihood of retired staff and workers.

In October 1989, Dalian's No. 6 Comprehensive Repair Facility joined Dalian's overall social financing program for retirement costs, and profited by more than 100,000 yuan per year, and enterprise burdens greatly lessened. In 1990, this enterprise, that had lost money for 10 years in a row, earned its first profit. In past years, staff and workers could not even get their pension money on time for the Lunar New Year, but this year, retired staff and workers were overjoyed to receive their pensions in full on the 23d day of the twelfth month of the lunar year.

At one meeting of the State Council, Ruan Suwu [7086 4378 2976], the Minister of Labor, announced that all of the 9 million retired staff and workers participating in the overall financing system are able to draw their pensions in accordance with regulations, even though their enterprise may have many retired workers, or is closed or semi-closed. Without doubt, retirement insurance has achieved its purpose of guaranteeing the livelihood of staff and workers and reassuring the people.

Cheng Weigao [4453 4890 4559], governor of Hebei Province, says with deep feeling: "Most of the time, we do not realize how important overall financing is, but when enterprises get into trouble and adjustments must be made, then we can clearly see how overall financing works to guarantee the livelihood of retired staff and workers, and advance social stability and political tranquility."

### **An "Escort Ship" for Economic Development**

Now, when people choose their jobs, they must first consider what benefits a unit has to offer, including whether or not there is a retirement plan. Because the capabilities of each unit are different, this can easily lead to mis-allocation of workers to jobs, and limit the rational mobility of staff and workers among enterprises with different systems of ownership.

In 1989, Dalian implemented overall financing of retirement insurance for staff and workers throughout the city. All enterprises could participate, whether they were state-run, privately owned, or individual households; all workers could draw pensions when they retired, whether they were regular employees, contract workers, or temporaries, and whether they worked at one enterprise for a lifetime or changed jobs to go to a new unit.

In 1991, Dalian's Zhicheng Company expanded its production scale and needed to hire more workers. In their advertisements, they particularly stressed that the company manages a retirement insurance plan for its staff and workers. This proved effective. More than 200 people applied for 30 jobs, and many of them had specialized skills and good academic records.

Reforming the retirement insurance system did more than reduce enterprise burdens and contribute to social stability. It had an even more positive effect in improving the economic climate. In Wenzhou, Zhejiang because everyone has retirement insurance, self-employed persons have come to be basically on the same footing with staff and workers at state-run enterprises. The phenomenon of reverse-flow of labor, not seen for several decades has now reappeared. By the end of September 1991, over 1,000 staff and workers at state-run enterprises resigned on their own initiative, and "moved downward" to collective and individual enterprises. Rational mobility of labor makes it possible to invigorate reform of the labor use system.

In the past, one of the vexing problems that arose when enterprises closed, suspended operations, consolidated, or changed to another line of business, was what to do with retired staff and workers. Also, when joint ventures were established, how to take care of retired workers was often the most difficult item of negotiation. Now, in cities where overall financing has been implemented, these worries no longer exist.

#### **Reform of the Retirement Insurance System Is Just Beginning**

By the end of 1990, there were 2,300 cities and counties in China that were carrying out overall financing of retirement insurance. Participating staff and workers, retired and active, reached 60 million, and more than 15 billion yuan was being collected annually for the overall financing fund and paid out in retirement expenditures.

At the fourth meeting of the Seventh Session of the NPC, reform of the social insurance system, one of the most important reform measures, was included in the Eighth Five-Year Plan and the 10-Year Program. Not long before, the State Council also issued its "Decision on Reform of the Retirement System for Enterprise Staff and Workers," and reform of the retirement system, with overall financing as its starting point, was under way.

Han Liangcheng [7281 5328 6134], director of the Insurance and Welfare Department of the Ministry of Labor, told news reporters not long ago, by way of introduction, that China at present has a basic insurance system at one single level, the national. In the future, China will establish, step-by-step, a multi-level system of retirement insurance combining basic retirement insurance with supplemental retirement insurance provided by enterprises, and personal savings-type retirement insurance provided by the staff and workers themselves. It will be based on the national situation, where social productivity is at a low level of development, the population is large and rapidly aging, and the people's standard of living is still not high, and it will simultaneously give consideration to the three interests of the nation, the collective and the individual.

The first level is national retirement insurance. The level of benefits is relatively low, but the number of people covered is relatively great. It applies universally to urban

staff and worker, at all kinds of enterprises, guaranteeing the basic livelihood of retired personnel and the peace of society, and is also favorable to the rational mobility of labor between different kinds of enterprises.

The second level is supplemental retirement insurance provided by enterprises. The level of benefits varies among enterprises, and there is greater flexibility as to ways and means. It can reflect differences between the economic capabilities of various enterprises, and improve the ability of enterprises to attract staff and workers and to build cohesion among them.

The third level is personal-savings type retirement insurance. The level of benefits is determined by the participant, and its goal is to allow the worker or staff member to live better after retirement.

This decision by the State Council mandates the principle of payment by individuals. This is an important reform, and directly affects staff and workers. On this point, Han Liangcheng explained that individual payment is a duty that staff and workers should fulfill to enjoy insurance rights, and can change the staff members' and workers' old attitude of complete dependence on the nation and the enterprise. Considering that wages for staff and workers are, at present, still not high enough, the State Council ruled that at the beginning, and for the time being, staff and workers should pay in three percent of their basic wages. Later on, this amount will be raised, in stages, as the economy develops and wages for staff and workers are adjusted.

There are at present still many problems with retirement insurance.

First, the social level of overall financing is low, and it cannot fully realize its potential for spreading the risk. At present, except in a few provinces and cities, most places are still at the stage of overall financing for units of one county or one city. When the scope is limited to one county or one city, the margin of safety is small, and its ability to withstand various kinds of risks and natural catastrophes is poor. As soon as there occurs a natural or man-made disaster affecting a large area, then the overall financing for a county or a city will be unable to cope. Therefore, we should quickly make the transition to overall financing on higher levels and on larger scales, for provinces and the whole nation.

Next, there is the problem of legislation. Retirement insurance has been developing for several years, involving 97 percent of China's cities and counties, but there are still no national laws and regulations. When problems arise in the process of implementing retirement insurance, there is then no way to solve them by the law.

## POPULATION

### Family Planning Aims at Human Rights Protection

92C E03884 Hong Kong LIAOWANG (OUTLOOK) OVERSEAS EDITION in Chinese No. 11, 16 Mar 92 pp 5-6

[Article by Li Yan (3810 6036): "Questions and Answers on the Status of Human Rights in China"]

#### [Text] Purpose of Family Planning Is Protection of Human Rights

[Question] Why do you say that China's family planning policy is a policy to protect human rights?

[Answer] China assures the human rights of its citizens through family planning as determined by national conditions that apply specifically to China. First, the huge population, according to statistics compiled at the end of 1990, the population was 1.14 billion, accounting for roughly 21.5 percent of a world population of 5.38 billion. At the same time, because the population base is big, even with family planning, the net population growth is still around 17 million annually, comparable to the total population of a medium-sized country. Second, per capita resources are insufficient, particularly arable land. According to statistics, amounts of arable land, grassland and water resources per capita are not even one-third the average of these same resources per capita for the world population, while the amount of forest resources per capita is not even one-seventh the world average. China is also richly endowed with a variety of mineral resources, which places it third in the world for deposits of 45 important minerals. But because of its sizable population, the amount of mineral resources per capita puts it in 80th place, which is only half the world level average. Third, economic and cultural levels are still somewhat backward, though during the 40 some years since its founding, its economic development has placed it in the world's forefront. But because of its sizable population and low starting point, its per capita gross national product is still more than a 100 places behind that of other countries of the world, putting it among low-income developing countries. While the Chinese government at various levels is placing education as a most important budget item, education conditions at present are far from ideal because those needing education are too numerous. Under such national circumstances, China's excessive population growth is acutely contradictory to the society's economic development, to improving the people's quality of life, and to using its limited resources and protecting the ecological environment.

Arable land in China, whether in the past, present or future, is the most important natural resource. While China occupies more than 9.6 million square kilometers of territory, there are many mountains and little land, arable land only adds up to 1.5 billion mu. In 1952, per capita arable land was 2.82 mu. But due to excessive population growth, per capita arable land dropped to 2.29 mu in 1962, dropped to 1.73 mu in 1972, and

dropped to 1.45 mu in 1982, so that by now, this figure has dropped to 1.3 mu. If the population continues to increase at this rate, per capita arable land will be less than one mu, and it will be practically impossible for China to resolve the food problem on its land.

China's energy supply has always been the basic factor inhibiting industrial development. In 1949, China's primary gross energy supply was 24.3 million tons of standard coal, by 1988, it increased to 983 million tons, an average annual increase of 9.9 percent. China was the one area in the world with the greatest growth in energy, per capita primary gross energy approximated world levels. However, because the national population grew over 100 percent during this period, its gross energy resources per capita was only 36.1 percent that of world levels. Even should its one-time gross energy resources reach 1.4 billion tons of standard coal by the year 2000, the gross energy resources per capita will only be half the per capita figure at world levels.

Grain production in China has always been the dominant factor affecting the quality of life for its people. Over the past 40 some years, new China has devoted great effort to develop agriculture. According to World Bank statistics, the average growth for Chinese agriculture is 7.4 percent annually, far greater than the figure of 3.4 percent annually for developing nations, and the average growth of 2.5 percent annually for developed nations. In 1952, gross output of grain in China was 160 million tons, but by 1988 this figure had grown to 390 million tons, and by 1990, to 440 million tons, a growth rate of 2.5 percent annually.

The level of per unit area yield for grain in China also exceeds the average levels for the United States and other nations. In 1986, the per unit area yield of wheat in the United States was 2.312 kg per hectare, the per area unit yield of wheat worldwide averaged 2.339 kg per hectare, but this figure was 3.045 kg per hectare in China. The per unit area yield of rice worldwide averaged 3.286 kg per hectare, but this figure was 5.340 kg per hectare in China. To summarize, in China gross output of grain and per area unit yield, places her in a foremost position globally, making it possible for her to feed 22 percent of the world's population with 7 percent of the world's land surface. However, because the population of new China has grown so rapidly, the effectiveness of its spectacular grain growth has been eclipsed. In 1952, per capita grain output was 570 jin, but by 1991, this figure had grown to 752 jin, an average growth of 0.6 percent annually. With modernization, China's food needs per capita are expected to continue to grow. According to scientific data, per capita food needs at the adequate level is calculated to range between 600 and 700 jin, to reach 800 and 1,000 jin at the comfortable level. But the amount of food needs per capita in a prosperous nation is generally placed at 1,500 jin. The grain needs of a population of more than one billion, particularly one showing an annual population increase

of more than 10 million, have become a burdensome load as China becomes modernized.

From the simple facts just stated, we can come to this direct conclusion: China's excessive population growth is contradictory to her developing a socialist economy, raising the people's standard of living, and protecting the limited resources and ecological environment. Therefore, implementing family planning to control excessive population is an important measure taken to protect and develop human rights.

#### Important Contents of China's Family Planning Policy

[Question] What are the important points of China's family planning policy?

[Answer] China's family planning policy requires a goal and plan for population growth of the society at national and local levels that does not become uncontrollable. On the basis of national conditions, the Chinese government has set a goal for population growth that corresponds to economic and social development based on scientific data, and has established a plan of control to keep the total Chinese population around 1.2 billion by the end of the century. Provincial and municipal level governments should also follow the national plan for population control, and act according to actual local conditions to appropriately establish population growth goals for their jurisdictions and implement such control.

China's family planning policy encourages late marriage and late child-bearing, emphasizing offspring quality, not quantity. According to traditional Chinese practice, young people usually marry before the age of 20, and have children right away, the more the merrier. Not only does this bad practice create excessive population growth in a society, it also traumatizes the physical and emotional health of young people not fully mature, and places heavy responsibilities on their everyday life and career development. Therefore, China's "Marriage Law" states that males cannot marry before they are 22 years of age, and females cannot marry until they are 20 years of age. Late marriages and late births should be encouraged. At the same time, counseling should be provided young couples to have fewer children and to concentrate their energies instead on nurturing and training healthy and bright children.

China's family planning policy encourages a married couple to have only one child. Because China's present population base is too great, not only is it not appropriate to follow traditional Chinese practice to have several children, or even to adopt the practice in developed nations where most married couples have two children per couple, which is still excessive for China's absolute population growth. To effectively control excessive population growth, beginning in 1980 China proposed only one child per married couple. After a period of more than 10 years, this policy has been accepted by most in cities. Most married couples voluntarily have only one child. In more economically developed rural areas, many married couples are also willing, on their

own, to have only one child. Among newborn infants nationwide, more than 50 percent are firstborns. Practice proves that such a method has an important effect on controlling excessive population growth. Even though couples were encouraged to have only one child, it was not expected that all couples of child-bearing age would have only one child. In rural areas, where certain individuals encounter actual problems, they may be permitted to have another child after a few years. In certain national minority regions, the desire of the minority group determines whether and how to implement family planning, based on actual conditions pertaining to their population size, economy, culture, and custom.

Because China's family planning policy considers the need of the state to control population growth, and the masses' actual acceptance of this policy, it coincides with the realities of China's economy and society and the basic welfare of all the people. It has the understanding and support of all people. According to the Fourth National Population Census, more than 80 percent of married couples throughout China practice family planning.

#### China Pays Attention to Human Rights Protection in Family Planning Work

[Question] How does China pay attention to human rights protection in family planning work?

[Answer] To implement family planning, China relies chiefly on information dissemination and public education, and adheres to the principle of coordinating state guidelines with the willingness of the masses. In a large country such as China, with a population of 1.1 billion, it is basically impossible to implement family planning without the understanding, support, self-awareness and participation of the people. Therefore, publicity and education are foremost factors in the promotion of family planning, with the setup and knowledgeable personnel available on the family planning committees at various levels to be responsible for this work. On the county level, centers to provide public information on family planning and counseling should be established. Other family planning educators, full-time or part-time, and information specialists should also be assigned to village, neighborhood, and factory locations. Public information on population matters, family planning policy, birth control methods, eugenics etc. should also be available regularly through the printed and broadcast media. At the same time, the government and local family planning agencies should collaborate to educate and help the masses resolve many actual problems through the services they could provide in areas of health, medicines and medical devices, programs benefiting the elderly, senior residences to resolve family problems for the aged, assistance to single-child families to earn a good living, and help solve the labor shortage problem for small rural families. At any rate, the stand taken by the Chinese government calls for various approaches to stimulate the self-awareness of the masses so they willingly practice family planning on their own.

and opposes any form of coercion. Once it is discovered anywhere that coercion has been used, proper measures will be taken to correct the situation.

The chief approach taken to implement family planning is birth control, which assures the health of women and children. For women needing help with birth control, the government provides safe, effective, convenient and economical birth control devices and techniques for their selection. At the present time, about 75 percent of the couples of child-bearing age practice some form of birth control. The government firmly opposes any form of forced abortion, but women who become pregnant because of birth control failure, or for some other health reason wish to have the pregnancy terminated, can have that freedom of choice, and the government will provide the technical services. In the late 80's, the ratio of newborn infants and induced abortions was about 1:0.5, a figure at the median scale when compared with that of other nations. To reduce the number of women aborting because of birth control failure, the government is putting more effort into scientific research that will increase the effectiveness of birth control measures, to further reduce the number of induced abortions.

While implementing family planning, China is paying particular attention to protecting female infants. Drowning and abandonment of female infants is a wicked practice handed down by the feudal society. While this practice has been drastically curtailed, it is still found at present in isolated instances. The Chinese government forbids drowning and abandoning infants, which is a crime in the eyes of the law. Once this is discovered by the law enforcement authorities, the act will be treated as a crime and acted upon accordingly.

From this we can see that while family planning is being implemented, great attention is paid to protecting the right of choice and the physical and emotional health of the party concerned.

#### Family Planning Recognized as an Accomplishment

[Question] How effective has the implementation of family planning been in China?

[Answer] With the understanding and support of the Chinese people, China's family planning efforts have won worldwide recognition. Comparing 1990 with 1970, the birth rate dropped from 3.3 to 2.1 per thousand, the natural increase dropped from 2.6 to 1.4 per thousand, and the overall maternal-child-bearing rate dropped from 5.81 to 2.31. All of these figures are lower than the average for these corresponding categories among developed countries. According to the latest statistical data, the 1991 birth rate in China has dropped to 1.97 per thousand, and the natural population growth to 1.3 per thousand, the lowest levels in recent years. To a certain degree, this has eased contradictions arising from excessive population growth which has not corresponded with economic and social development, and is an important contribution to advancing socialist modernization and construction, raising the people's standard of living.

improving the national character of the Chinese people, and an important contribution to stable development of the world population.

## TRANSPORTATION

#### Huang Zhendong on Communications Sector Reform

92CEO954 Beijing ZHONGGUO JIAOTONG BAO  
in Chinese 14 Mar 92 p 1

[Article by Wu Dan: "Liberate Thoughts, Catch Up, Continue Reform, Expand Opening Up"]

[Text] On 27 February afternoon, at a meeting with heads of organizations, departments and bureaus under the Ministry of Communications, Minister Huang Zhendong put forward the ideological work to implement the spirit of the National Conference on Communications Work by organs under the ministry.

Huang Zhendong said that the National Conference on Communications Work has defined the guiding ideology and the principal tasks for this year's communications work, the crux now is to fully implement them. As leading organs of communications work of the nation, the organs of the ministry must take up the leadership responsibility in implementing well the several key works of this year.

#### 1. Continue Reform, Manage Enterprises Well

Huang Zhendong pointed out that the focus of the current reform should be enterprise reform, especially on changing the enterprise management mechanism. This year we must catch up with the central plan and conscientiously accomplish the current goals of managing enterprises well: First, undertake investigation and research, second, carry out some experimentation, and third formulate some measures.

Organs of the ministry must put emphasis on a few affiliated shipping, construction and industrial enterprises. These have now been preliminarily identified as the following five: Shanghai Maritime Shipping Bureau, Guangzhou Maritime Shipping Bureau, Fourth Shipping Bureau, Second Highway Bureau. In the first half of the year, the Ministry of Communications will organize an investigation team, which will go to these enterprises to conduct investigation and study, and propose a work plan for transforming management mechanism. With regard to local communications and transportation enterprises, the ministry will release some suitable manpower to carry out investigation and study and to give guidance.

Based on investigation and study, detailed rules and regulations for carrying out transformation of management mechanism of nationally owned communications enterprises will be formulated and a work conference on

transformation of management mechanism of the ministry affiliated enterprises will be called to carry out deliberation of this special topic.

Breaking the old practices of "Three-Iron-One-Big" must be taken as the focus of continuing reform and transforming enterprise management mechanism. This year, the Ministry of Communications must formulate measures for managing labor contracts of the communications industry, carry out the basic work for establishing a job skill salary system and select affiliated enterprises for experimentation.

At the same time, we must, based on the schedule needs, do a good job in organizing medium distance shipping enterprise groups in the first half of year, and work out a plan for organizing long-distance shipping enterprise groups and measures to implement it in the second half of the year.

## 2. Expand Opening Up to the Outside

Huang Zhendong said: Since the Third Plenary Session of the 11th Central Committee of the party, the Ministry of Communications has done much work in the area of opening up to the outside. The present task is to further liberate thoughts and expand opening up to the outside. As the guiding ideology, we must adopt a positive attitude and accelerate the pace of opening up to the outside.

We must actively take initiative to develop cooperative relation on shipping and transportation with peripheral nations, developing nations and other nations. This year, we must pay close attention to signing maritime shipping agreements or to the talks on maritime shipping cooperation with seven nations, and to the negotiations on bilateral inland river shipping or highway transportation with six nations. We must speed up the construction of communications infrastructures of local border trade ports such as highways, navigation channels, harbors and actively develop boundary river shipping. We must increase the frequencies of scheduled international cargo and passenger shipping services. We must complete preparatory work for the maritime transportation aspects of service trade items related to GATT. We must carry out the policy of the Party Central Committee regarding the development of Pudong, striving to provide guarantee on communications and transportation. We must support and promote the establishment of bonded zones in large ports with the necessary conditions. We must develop international labor cooperation and expand labor service exports. To expand opening up to the outside we must also study certain policy and system problems.

Regarding the work of the Ministry of Communications to expand opening up to the outside, concerned departments and bureaus must undertake some deeper investigation and study, so that further measures can be adopted.

## 3. Structural Readjustments

Huang Zhendong pointed out that shifting the focus of economic work onto the track of structural readjustment and improved efficiency is entirely applicable to our communications work. We are facing the heavy task of readjusting the internal structures of highway and waterway communications and transportation.

We must study readjusting the relation among several types of transportation. Of the two types of transportation, highway and waterway, and of the three parts of waterway transportation, ocean, littoral and inland river, relatively speaking, inland river shipping is the most difficult, its infrastructures being weaker. We must adopt measures to speed up the development of shipping on large rivers and their important tributaries. We must readjust the structure of transportation economics. As the relative importance of local specialized transportation in the total transportation capability of the society has been gradually declining, we must take measures to help specialized transportation enterprises so that technical and economic advantages of specialized transportation forces can gradually come into being.

We must readjust proportion structure between infrastructure and shipping capacity. The construction of highway and waterway infrastructures is lagging behind the development of shipping capacities of vehicles and ships. We must study the proportional relation between infrastructure and shipping capacity and measures to adapt the two, and study the problems of set matching and linking of loading/unloading facilities of vehicles, ships, harbors and stations.

We must readjust enterprise internal organizational structure, management structure and personnel structure. We must practice merger of enterprises, organize enterprise groups, and develop diversified business under the premise of "one business takes the lead" to adapt to the need of market competition.

We must readjust cargo and passenger transportation structure and vehicle and ship type and age structure. We must rely on science and technology to improve gradually the technical component of communications and transportation enterprises, and promote the modernization of communications and transportation.

Whichever structural readjustment must take the raising of overall economic and social benefits of communications and transportation as the starting point and stand point.

This year, structural readjustment must be taken as an important task to be studied by forces organized by Ministry of Communications Science Institute under the direction of the ministry. The present state of the internal structure of communications and transportation and their existing problems must be clearly found out and the overall framework of structural adjustment and feasible measures be put forward.

#### 4. Strengthening Trade Management

Huang Zhendong said: Outside the trade, we must properly handle relations with other concerned ministries and commissions. Inside the trade, this year we must stress the grasping of transportation and production and management of infrastructure construction. With safety, quality, service and efficiency as the major content, with quality as the key, continue to carry out "Year of Quality, Variety and Efficiency" activities. First, safety work must be well grasped; slackened vigilance and carelessness must be avoided. At present, certain safety measures are not yet in place. We must forcefully grasp and implement them. Second, we must raise the quality of service. Vice Premier Zhu Rongji's directive to further deepen the work for raising service quality must be studied and implemented. We must truly implement the "Notice Regarding Strengthening Passenger Service Management and Further Raising Service Quality" and the "Quality Control Measures for Waterway Cargo Transportation" issued by the ministry, and draw up and put into effect measures for raising on-time rates for bus and ship passenger service. The problem of service attitude exposed in the entire process of transportation service must be realistically studied and solved. Design and construction quality must be raised, the experimentation on project supervision system and the extension of application of new project techniques must be well grasped. Third, in production and construction, the progress of science and technology must be well grasped, and implement the 1992 communications S&T progress "Understanding Project," key S&T projects, and extend S&T achievements of the Seventh Five-Year Plan.

Regarding trade management system, stress should be put on carrying out road inspection work according to the "Three-in-One" principle. Relevant departments and bureaus must formulate practicing measures for concrete implementation.

Trade management will depend on legislation. This year, we will convene a national conference on communications legal system work; we must firmly grasp and do a good job on the revision work of "Maritime Commerce Law," "Highway Law" and "Port Law"; and, formulate and promulgate "Administrative Measures for Cargo Owners' Wharves."

#### 5. Strengthen the Construction of Spiritual Civilization

Huang Zhendong indicated that the first thing is to pay special attention to leading groups by basically coordinating leading teams of affiliated enterprise units. On the basis of guaranteeing cadre quality, they must be fitted with reserve cadre according to certain proportion. Special attention must be paid to construction of grass roots teams and groups. On the basis of last year's construction of port team and group, the construction of ship team and group must be undertaken this year. Effective measures must be specially studied and adopted to vigorously check two unhealthy tendencies in the trade, namely that of some riding personnel of passenger and

cargo transportation enterprises who embezzle and keep ticket proceeds or shipping fees for themselves, and that of some crew members who smuggle or resell at higher prices goods obtained at controlled prices. Education work at affiliated schools of higher learning, party construction work and political ideology work, and developing a contingent of qualified teachers must be studied and implemented. The social order task assumed by the communications sector and its enterprises is heavy, it is necessary to intensify comprehensive management of public order at communications facilities, to pay special attention to criminal investigation work and to maintain stability of public order at communications facilities.

Special attention must be paid to the internal work of the organs of the ministry. Party building in the organs of the ministry must be intensified, attention must be paid to the study of the party history, the relevant works before convening of the 14th National CPC Congress must be well carried out to greet the convening of 14th Congress, and the spirit of the 14th Congress must be studied and implemented. The actions of supervisory departments such as discipline inspection, controlling, auditing, must be given full play even further and the spirit of the Party Central Committee and the State Council directive must be resolutely carried out, to check the unhealthy tendency of using public fund to entertain or to buy gifts and accepting invitations to banquets and receiving gifts. Based on the needs of "unity, realism, honesty, efficiency," we must further transform the style of the organs, by reducing the number of meetings, paperwork, and the leading cadre's routine activities, and raise work efficiency and quality, and go down to the grass-roots to investigate and study, and solve real problems. Every leading member of the ministry must adopt an enterprise, and help solve its problems; when a leading member is on a business trip to a place where a ministry affiliated school is located, he should go there to get acquainted with its situation; he should pay repeated visits to a help-poor point of the ministry and also, in accordance with the nationality policy of the party, go to some minority areas to understand and solve their communications problems.

To well grasp all the above works, Huang Zhendong demanded that all the organs, departments and bureaus of the ministry attend to their respective responsibilities, dividing the work according to their respective functions, and coordinating with each other. Leading cadre must serve as models and take initiative, and concerted efforts made to overcome difficulties and fulfill satisfactorily all tasks.

**Guangzhou-Saigon Air Route To Open 14 May**  
 OW1305141492 Beijing XINHUA in English  
 1351 GMT 13 May 92

[Text] Guangzhou, May 13 (XINHUA)—An air route from China's Guangzhou City to Vietnam's Ho Chi

Minh city (Saigon) will open Thursday according to the agreement on air communication reached by the two governments.

China Southern Airlines will provide two flying services each week with a Boeing 737-300 or a Boeing 757-200 airliner.

China Southern Airlines will also open a Guangzhou-Hanoi air route by the end of June.

Once between the years of 1956 and 1979 when China and Vietnam was on friendly relationship, a Nanning-Hanoi air route had existed linking the two countries.

## AGRICULTURE

### Chen Yaobang Urges Seed Quality Controls

HK1505051492 Beijing CHINA DAILY in English  
15 May 92 p 1

[By staff reporter Wang Donghai: "Minister Urges Seed Quality Controls"]

[Text] Deputy Agricultural Minister Chen Yaobang yesterday urged for nationwide attention to the quality of seed supplied to farmers, calling it a key factor in realizing the country's agricultural programme.

Every effort must be made to prevent the sale of fake or inferior-quality seed to farmers to guarantee the quality and quantity of their crops, the deputy minister said.

Speaking yesterday at a press conference marking the third anniversary of the country's first Seed Control Regulations, Chen said the production and use of high-quality seed contributed a great deal to agricultural output in recent years.

Nationwide, there are 2,500 firms engaged in seed transactions. These companies provide about three million metric tons of seed to farmers each year.

But because of a lack of strict control, agencies or individuals seeking profits sell farmers counterfeit brands or poor-quality seed.

Last year, there was a shortage of rapeseed in Anhui, Jiangsu, Zhejiang and Henan after the severe summer floods in these provinces. Some firms and individual traders sold farmers large amounts of substandard rapeseed, falsely calling their product a high-grade "hybrid seed strain," Chen said.

This incident, which caused heavy losses for local crops, was brought to the attention of the provincial government of Shaanxi, where the real hybrid rapeseed was produced.

An investigation conducted by the Shaanxi government found that 77 firms and traders involved in the fraud

had sold a total of 300 metric tons of fake or substandard rapeseed to the flood-hit provinces and earned 1.7 million yuan (\$310,000).

The Shaanxi government punished the parties involved, confiscating the 80 metric tons of unsold substandard seed and fining them 613,000 yuan (\$110,000).

To protect against similar incidents, 14 provinces have issued local regulations on the management of seed producers. The central government has established a seed storage system, and about 50,000 metric tons of high-quality seed is now being stored each year, Chen said.

Last June, the Ministry of Agriculture issued another set of regulations on quality control of agricultural seed.

According to these regulations, agencies or individuals producing seed should apply for permits from seed control agencies above the county level.

Seed traders must now apply for business permits. And after receiving the permits, agencies or individuals must also apply to their local industrial and commercial agencies for business licences.

Before seed is sold or stored, it must first be inspected and approved by quality control agencies. Sub-standard seed will be confiscated, and those selling poor-quality seed will be fined or ordered to stop their business, the regulations stipulate.

### World Bank-Funded Seed Project Achieves Good Results

OW2105032692 Beijing XINHUA in English  
0249 GMT 21 May 92

[Text] Beijing, May 21 (XINHUA)—The seed project funded by the World Bank has achieved good returns after six years of construction.

Approved by the State Council and supported by the State Planning Commission and the Ministry of Finance as well as governments at various levels, the project has made steady progress. It has covered 134,000 hectares of farmland with high-quality seeds as demonstration fields, and has imported 43 world advanced seed selecting processing lines, according to today's RENMIN RIBAO OVERSEAS EDITION.

It has been proved by the facts that by using seeds of better quality, per-ha crop output increases 5 to 10 percent. Therefore, the country's total grain output can increase by 547,000 tons and cotton by 25,000 tons each year. Annually, the value of the increased crop output and that of reduced expenditure owing to the project mounted to 760 million yuan (about 150 million U.S. dollars).

The project covers over 10 provinces and autonomous regions, and is a major foreign-funded agricultural project carried out by the Ministry of Agriculture of China.

The ministry is now planning to expand the construction of seed centers and step up the development of technologies of seed processing machines.

### Poor Quality Fertilizer Hurting Farmers

OW1505103892 Beijing XINHUA Domestic Service in Chinese 2104 GMT 14 May 92

[By Reporter Lu Yongjian (7773 3057 1696)]

[Text] Beijing, 15 May (XINHUA)—According to the results of a sampling survey jointly conducted by the state and local technical supervision departments and farming system quality control departments, the passing rate for our country's compound fertilizer on the market is only 60 percent. Farmers' direct losses from the purchase of such fertilizer is 70 yuan per ton. Every year, the nation's farmers suffer a total loss of over 400 million yuan. The problem becomes even more serious if such ill effects as a reduction in farm produce output and environmental pollution caused by the poor-quality compound fertilizer are taken into account.

According to the Quality Standard Department under the Ministry of Agriculture, the nation's compound fertilizer production was 16 million tons in 1991, or 16.97 percent of the nation's chemical fertilizer production. The poor quality of compound fertilizer has seriously affected agricultural production. Although China practices a production permit system to manage the production of compound fertilizers—there are 1,076 licensed fertilizers—the number of products that are now available on the market far exceed the licensed figures. Hunan alone has 70 plants manufacturing compound fertilizers without permits. Some license less manufacturers cheated farmers by claiming that theirs

are high-tech products; others dumped their counterfeit or inferior products on the market by changing brand names or tampering with packaging. As the supply of good-quality chemical fertilizer is tight in China, many manufacturers of inferior-quality and fake compound fertilizers take advantage of the shortages.

### Livestock Production Increases in Xinjiang

OW190510492 Beijing XINHUA in English 0835 GMT 19 May 92

[Text] Urumqi, May 19 (XINHUA)—The Xinjiang Uygur Autonomous Region reports a livestock boom this year despite a spell of droughts for three years running.

According to a statistical report offered by the regional animal husbandry department, the region had delivered 11.02 million domestic animals by the end of April this year, an increase of 1.35 million over the same period last year.

A sum of 430,000 head of adult livestock died this year, 25,000 head less than the same period of last year, according to the report.

Last year Xinjiang suffered its third serious drought since the founding of the People's Republic of China in 1949.

The drought had affected 15.3 million hectares of grassland, threatening the life of more than 30 million head of livestock.

A regional official in charge of agriculture attributed the good result to the local governments' efforts in organizing people to fight against droughts and to timely shipping of feed to pastoral areas during winter and spring this year.

The raising of prices for animal products in the region and encouragement of collective and individual transportation of goods for sale also has shortened the distribution time of slaughtered animals.

### Changing Value Orientation of Young Workers

92CM0267A Shanghai SHEHUI /SOCIETY/  
in Chinese No 85, 20 Feb 92 pp 8-11

[Article by Tang Can (0781 1503): "Value Orientation of Young Workers Today"]

[Excerpt] To accurately learn and understand the changing process of value orientation of youths today, and to explore a series of theoretical issues based on the information, the Section on Youth and Teenagers of the Institute of Sociology under the Chinese Academy of Social Sciences undertook a key project "Changes in Chinese Youth's Value Orientation Over the Decade" during the Seventh Five-Year Plan. From 1986 to 1990, we conducted two national surveys following the procedure of cluster random sampling. The sample size was 4,500, of which 1,008 were young workers. The data provide us with a relatively clear and accurate understanding of how youths are undergoing changes in their value orientations.

Based on the characteristics of our traditional values, we chose four sets of corresponding value issues: individual and society, economic man and achievement man, present and future, and dependence and independence, and designed a series of questions to understand the change of values among the young.

#### 1. Individual and Society

In regard to the relationship between individuals and society, the orthodox or dominant ideology is the emphasis on collectivity, which takes the development of state and collectivity as a necessary condition for individual advancement. Proceeding from this, we have always promoted the kind of value that encourages self-sacrifice, "collective interest overriding self-interest," and "selfless devotion." This collectively oriented belief system used to inspire and produce devotion among several generations of young people. To what extent is such a belief system accepted by the young workers today, a time of great material and spiritual vitality brought about by the commodity economy?

Question	Agree (%)	Disagree (%)
"The value of life lies in giving not taking."	65.24	30.49
"The greatest personal matter is trivial while the most minute government matter is of great importance."	65.20	30.50
"Individual well-being depends on collective prosperity."	72.56	21.95
"Everyone for himself."	37.80	38.54
"Selfishness is the source of all vices."	61.59	37.80
"Subjectively for oneself, and objectively for others."	53.20	46.70

The survey revealed that: 1. The value judgment of the young is in confusion. While 65.24 percent of respondents agree with the statement "the value of life lies in giving not taking" only 38.54 percent disagree with "everyone for himself." The difference is close to seven percent. Further, more than half agree with "subjectively for oneself, and objectively for others," which deviates a great deal from the value of selfless devotion. A careful analysis of the young workers' response to other statements also reveals incongruence in their attitudes. We believe that behind the confusing value judgment stand two types of social contradiction: First, mainstream social values clash with the young workers' inner values, that is those who choose to agree with the values of collectivity and selfless devotion may not necessarily accept them. We can see the young workers' entirely different choice of values when coming to relatively concrete and practical matters. During the same investigation, we asked them about their criteria for occupational choice. Some took self-gratification and self-actualization as an important criterion. Only 19.51 percent said they considered the contribution to society in occupational choice. This is in sharp contrast to the majority's approval of collectivity and selfless devotion in the response.

Second, there is the contradiction and clash between the young workers' understanding and their value structures, that is, quite a few approve devotion and collectivity, but will not agree that individual interest and value should be eliminated or reduced. They vacillate and waver between society and individuals, devotion and individual gain, searching for new concepts of life that can explain individual and societal interests. Imbedded in the fact is the positive element that at least the majority of young workers understand the kinds of behavior that are correct, dutiful, permitted and encouraged by society.

2. According to the theory of balance, people have the psychological inclination to seek congruence and balance. Therefore, either clashes with society or with the self will become the impetus for youths to seek and create a new value of life. Although the popular saying of "subjectively for oneself and objectively for others" 10 years ago has been attacked for its opposition to the concept of selfless devotion, it embraces the interests of both sides and is thus approved by more than half of the respondents. Selfless devotion expresses a lofty value of life. The approval of it does not necessarily mean that people can implement it. Not being lofty by no means refers to being base or disgraceful. It is precisely such middle-of-the-road concept that is justified as "reasonable egoism" by young people. The phenomenon indicates that the consciousness of the majority of young people corresponds to psychological duality of satisfaction and need in considering both individual and social interests, and giving and taking.

3. There is little difference between young workers and other young people in their value preference of the individual and society.

## II. Economic Man and Achievement Man

Economic man refers to the kind of value that is oriented toward wealth, income, gain and pursuit of material things. Achievement man refers to the kind of value that is oriented toward self-dedication, achievement and self-actualization. The following shows the results of the investigation on young workers concerning this question:

Question	Agree (%)	Disagree (%)
Pursuit of ideals is more important than money	64.37	33.34
The purpose of work is to earn money	59.76	35.37

The results reveal that there is a great gap between the young workers' cognitive conception and behavioral motive. The majority affirm lofty motives, that is, pursuit of spiritual satisfaction is more important than that of money, but the same proportion agree that "working is to earn money." In other words, their motive for practical life conflicts with their approval of lofty pursuits.

The other set of results concerning occupational choice and orientation also show that there is a great distance between a great many of their expression of inner needs and conception of society (e.g. universal social motive generalized from observation of salient social behavior). The first three elements in their consideration of occupational choice are ranked as: 1. personal preference and skills, 2. high income, and 3. easiness and freedom. The majority take personal preference and skills as the main goal. However, when asked to infer what others think about the issue, the majority feel that high income is by far the most important motive for occupational choice. Social psychological experiments show that with the same background (including social environment, age, status, and education and culture), people usually evaluate others' behavioral characteristics based on their own. This is what is often called "inferring from oneself." It thus follows that the social conception of the majority of young workers reflects their own behavioral characteristics to a certain extent, that is, in comparison, what they are really after in occupational choice is income, easiness and freedom.

It also indicates that even if assuming the system of inner needs to be the starting point, young workers' ambition and need to achieve are lower than other people of their age group. In the investigation, there was another question, "Do you want to become celebrity?" to evaluate desire for success and initiative display. Among the eight occupational groups investigated, the proportion of affirmative response to this question of young workers is ranked last but one, merely two percent higher than independent households. The percentage of young workers desiring easiness and freedom at work turns out to be a lot higher than that of other groups, ranking the top. We therefore believe that hedonism and lack of achievement is the highest for young workers in comparison with other young people.

## III. Future and Present

Different timing shows different life value preferences. Future-oriented values are concerned about ideals, the future and posterity, with a focus on responsibility for the future and others. Based on this premise, activities and values involving self and the present day are considered utilitarian, shallow, near-sighted and degenerating. In contrast, present-oriented values center around self-conditions and present interests, with a focus on responsibility for self and the present, believing value to lie in active creation of a finer and richer life.

We took the conception of marriage as the indicator that most reflects timing orientation.

"If perfection is impossible, what kind of lover would you choose?"

Answer	Percent
A lot of love, but not necessarily remain a devoted couple to the end of life	39.63
Not too much love, but really dependable	33.37
Remain single	17.07

The results indicate: 1. Among the young, future-oriented values are being challenged by present-oriented values. For thousands of years, the highest realm and the best mode of Chinese orthodox marriage has been the goal of "devoted couple till the end of life." Love between the couple is not important in such marriage morality. What is important is the reproduction of offspring and devotion. Such a marriage conception shows the timing orientation in traditional societies. Looking at young workers' choice of marriage conception, we can see that such values are beginning to change. To choose one out of the three alternatives, more young workers would rather give up future ideals to pursue present emotional gratification and pleasure. Related to the question is the workers' changing attitude about sexual morality. When asked, "How would you view your partner's pre-marital sexual behavior?", 42 percent of the respondents said it was "understandable" and "all right", 22 percent answered it was "hard to say," and only 36 percent of the people thought it was "inappropriate" and "moral degradation." Emphasis on the present, emotions, and self enriches a person's inner world and fully develops one's personality, on the one hand, and causes the spread of hedonism and brings about a series of social problems of shallowness, and lack of responsibility for the modern time, on the other hand.

2. The changing process of time for young workers is far slower than their counterpart age group in its intensity, which is supported by observations in real life. For example, compared with intellectuals, more young workers pay little attention to their work, and lead a

frugal life style while investing countless time and energy in their children's education in the hope that they will succeed. Behind the strong sense of responsibility for children is the lack of self-confidence and ambition. The prerequisite for change from future-orientation to present-oriented values is the discovery of self and self-worth. Only with such changes can modern people pursue happiness, pleasure, achievement and creativity. Our investigation reveals that most young workers lag behind other groups of people of their age group in the development of self-consciousness.

#### IV. Dependence and Independence

Dependence has been one of the most salient characteristics of traditional Chinese values and personalities. It is rooted in the thousands of years of history of small-scale peasant economy and feudalistic autocracy. Since reform and opening up, with the development of the commodity economy and the spread of humanism, the dependence personality of Chinese youth has changed a great deal. This does not mean that the social environment upon which dependence personality relies has been improved to perfection. Let's look at how young workers respond to this issue in terms of their value orientation.

We first noticed that in the two domains of politics and marriage, and occupation so differently related to the young workers' interest, the process through which their attitudes and behavior take shape has undergone great changes.

"Who do you trust most on political issues?" (choose two) (%)

Category	Compliance	Self-reflection	Ignore them	Remain firm	Persuasion
With parents	26.83	23.17	4.88	9.76	33.93
With superiors	28.09	23.07	12.2	17.07	13.24
With public opinion	4.27	12.24	48.78	21.05	4.27
With experts	15.24	28.66	20.12	23.78	7.31

Attitudes toward different authorities indicate the extent to which people show their dependence. If "compliance" reflects unquestionable self-denial and a sentiment of dependence on authority, then "self-reflection" may indicate a kind of self-doubt, a recognition of, and respect for, the position of the person with whom they disagree. "Persuasion," "ignore them," and "remain firm" show the orientation of self-confirmation.

The survey revealed that the authorities that make young workers feel most dependent are first power and second parents. Recognition of the authority of superiors represents the major attitude toward power for those with self-doubt. "Compliance" and "self-reflection" rank number one and two respectively in young workers' response of attitude toward superiors (for the total sample, "self-reflection" ranks number one, and "compliance" number two, totalling more than half). Although half of the workers used "compliance" and

Friends	12.6
Experts	16.7
Leaders	48.8
Parents	14
Self	70.74
Public opinion	30
Teachers	6.67

The strong autonomy orientation in young workers' decision-making process in political attitude and behavior far exceeds that of other young people being examined. This is far from what we expected. At the same time, we also see that the percentage of young workers' dependence on the political judgment of party and government leaders is 37.2 percent higher than other groups of young people, and dependence on that of experts is 24.4 percent lower. The implications are complex, and must be analyzed in another paper. It is not difficult to find answers to the young workers' different attitude toward political and expert authorities as a manifestation of their political and educational levels. But the way we evaluate their political and educational levels and their political behavioral capacity should not cover the fact that the young workers' seemingly unreasonable response indicates their weakened dependence in politics. Preference for self and possibly narrow experience, and political decision as personal choice show a great change in political mode of thinking among young workers over the past decade.

"What measures would you take if you find yourself in disagreement with these people?" (%)

"self-reflection" to describe their attitude toward their parents, the choice of "persuasion" had a high percentage and cannot be ignored. It was the first choice with parents. This symbolizes a gradual establishment of equal relations between young workers and their parents.

In comparison with the authority of power and parents, the authority of experts is ranked much lower among young workers. Although "self-reflection" holds the highest percentage, "ignore them" and "remain firm" toward experts' opinion take a strikingly high proportion (for the total sample, "self-reflection" is 36.2 percent, "remain firm" 21.3 percent, and "ignore them" 14.8 percent). We can understand this phenomenon by referring to the process by which young workers' political judgment is formed in relation to the greatly different influence of experts and party and administrative leaders. Modernization is a process that values knowledge more and more, knowledge institutionalization.

and learning. One major difference between modern and traditional society in terms of their structure and value system is the replacement of social authority. Authority based on personal power, kinship, and other elements of privilege and ascription are replaced by authority based on rationality such as science, knowledge, and law. Today, authority of knowledge still cannot replace power and parents' authority in young workers' value orientation. Power still can make more than half of them feel dependent and develop self-reflection. However, young workers' concepts of modernization cannot be highly evaluated. [passage omitted]

**Undesirable Economic Culture of 'Petty Emperors'**  
92CM02834 Shanghai SHEHUI KEXUE [SOCIAL SCIENCES] in Chinese No 140, 15 Apr 92 pp 33-36

[Article by Su Song-sing (5685 7313 5281). "Discussion on the Economic Socialization of Chinese Youth in the Present Generation"]

[Excerpt] [passage omitted] In foreign and domestic media and academic circles, only children in Chinese families are depicted as a generation of "petty emperors." Although this is an exaggeration, it cannot be denied that urban youth of the present generation live in a world of considerable affluence. Increased spending by parents on their only child, as well as the spending that these only children do for themselves, has created an unhealthy economic environment for them, and has also created an abnormal phenomenon of economic culture. The consumption surrounding only children causes changes in status relations among family members, in morality, and in personality development, as well as reinforcing certain undesirable traditional concepts. Its principle manifestations are

**1. Unbalanced daily family expenditures put only children in a special position.**

According to data from the 1989 *Demographic Handbook of China*, in 1988 the average per capita expenditures on living expenses for urban residents in China was 1,103.93 yuan, or 91.49 yuan per capita a month. Also, according to a study by the Urban Survey Team of the National Bureau of Statistics, in 1990 per capita monthly income used for living expenses for urban residents in Shanghai was 180.94 yuan, the highest in China. Per capita monthly expenditures for consumer goods was also the highest in China at 148.74 yuan.<sup>2</sup> This is the level of economic income and expenditures of Chinese urban families at the present stage.

**How much do only children in cities consume?**

So far as food is concerned, high-class snacks and nutritional supplements are both on the rise. Nowadays, children dislike ordinary candy and cookies; they want their parents to buy them chocolate, cakes, candy sticks, and jello. Parents also cast their eyes on nutritious and healthful foods that can raise children's intelligence and

improve their physical well-being, such as Nestle's powdered milk fortified with vitamins A and D, Klum powdered milk, zinc-fortified vitamin-supplement drinks, tanyanggahen [1132 7122 4377] health-building tonic, and even ginseng tonic, which is taken by the old and infirm, has become a supplement for children and the young. The daily diet consists, aside from milk, mostly of chicken, duck, fish and meat. According to the study, some parents spend 130 yuan a month just to buy food for their child, and some elementary and secondary school students consume 200 yuan a month worth of food supplements.

As for clothing, sumptuous materials are combined with fashionable styles. In the past, the idea was that the quality of material did not matter, because children grew rapidly, and their clothing would be too small before it was worn out. Nowadays, the material of children's clothing is compared to the facade of a product, and every family wants to keep up with the Joneses. The children's clothing market is beginning to be affected by vogues, such as jeans suits, business suits, western dress, knit shorts, and so on. In markets, it is common to pay 30 for a piece, or a suit, of children's clothing. According to a Shanghai survey, many young people buy high-class clothing. Among elementary and secondary school students, 30.47 percent own top-grade leather jackets, 17.89 percent have top-quality exercise shoes costing 100 to 200 yuan a pair, and more than 30 percent have fashionable gold or silver jewelry.

As for play, the rise in the level of toys is dumbfounding. In the last 10 years, Rubic's Cube, stuffed animals, poseable warrior dolls, have almost become "milestones" on the path of maturation for the present generation of youth. Video games seem to have found their way into every household. The manager of the toy department at B-ying's Baihuo Dalou reports that, in the first quarter of 1991, they sold 5,847 video game machines.

As for spending money, this also reflects the vertical rise in the consumption level of only children. Not long ago, Shanghai's Jing-an district surveyed 1,389 students at seven secondary schools, four elementary schools and one kindergarten. The results show that the average monthly allowance for only children was 17.05 yuan. Of them, 56 percent received 10 yuan, 24.7 percent received 20 yuan, 19.3 percent received 30 yuan, and there were also some who received as much as 100 yuan. Young people are enthusiastic about sending birthday cards and holding birthday parties. Of the students surveyed, 62 percent spent money on birthday cards, one student actually receiving 100 birthday cards, 41.28 percent invited their classmates to birthday parties, and 20 percent held dinners to celebrate their birthdays.

By comparing the above analysis with data on the income and expenditures of urban Chinese families, we can see that the everyday personal expenditures on only children far exceed their parents' expenditures for living

expenses. In a considerable number of families, the only child's consumption exceeds the family's regular income.

### **II. Rash educational investment has pushed only children on the path of "super-achievement."**

We should say, by carrying out educational investment in the younger generation to raise the quality of the Chinese population, parents demonstrate that they are taking a long-term view. The problem is that many parents are making rash investments.

(1) Children are made to study many kinds of skills and knowledge, without regard to the child's actual talents and interests. Nowadays, many Chinese children study calligraphy, painting, foreign languages and various musical instruments. If they enter an after-hours school to receive instruction and coaching in a group, the cost will range from 90 to more than 100 yuan each term; if a tutor is hired to give individual instruction, the cost will range from several 10 of yuan per month, at least, up to 100 yuan or more. Exactly because of this rash investment, some children will take up a pursuit only to drop it, and cannot pursue anything to the end.

(2) When children learn a skill, they must be equipped with tools and materials, which leads to waste when they are no longer used. In 1986, Beijing held a round-table discussion attended by some of the teachers in the city's elementary schools. At the meeting, it was said that at one elementary school, the photography club had 48 members, and that every one of the 48 students has his own camera. Many students owned their own musical instruments, and any grade could organize its own electronic music ensemble. Many children were proud that they owned a violin, an accordion and a piano. The survey in the Jiang'an district of Shanghai also reflected the same kind of problem. The 1,389 youth surveyed that year owned altogether 1,156 typewriters, calculators, tape recorders and computers, and almost every one of them owned one of these high-grade study aids.

(3) Among the motives for family savings, education for the child is more important than anything. These savings are latent consumption spending on the only child; they can be spent at any time as soon as there is a need. Recently, Beijing surveyed 112 consumers in the Shuangshan district. When asked the purpose of savings, their motives for saving money were, in order: To meet emergencies (49.1 percent), to educate children (44.6 percent), to provide for retirement (22.3 percent), to purchase durable consumer goods (18.8 percent), to buy furniture (12.5 percent), to prepare for marriage (10.7

percent), and to accumulate money for travel (9.8 percent). Clearly, outside of meeting emergencies, the number one concrete goal for family saving is education for children.

Under conditions where family incomes in China are still not too ample, rash spending on children's education, at a certain level, comes at the cost of lowering the parents' standard of living and affecting their future lives, and this kind of "investment" often does not produce the anticipated "end result."

### **III. Unwarranted spending on medical treatment indicates that only children are being abnormally protected.**

In general, the growth of Chinese youth is catching up with and approaching international standards. In the early days of liberation, only 19.13 percent of the young were in perfect health. The rest suffered mainly from tuberculosis or ailments arising from malnutrition. By 1984, 31.9 percent of the young were in perfect health, and the remainder suffered mainly from near-sightedness. But in recent years, owing to a lack of scientific guidance for the feeding of only children, some children suffer from obesity because they eat too much, and on the other hand also suffer from malnutrition because of an unbalanced diet. In 1987, the departments concerned surveyed 30,000 urban children, and found that 40 percent of them suffered from iron-deficiency anemia. This is the tragic result of only children being extremely protected.

At the same time, the curious phenomenon of only children seeking medical help when they are healthy is very striking. According to a study by the Children's Hospital of Tianjin, the number of children 13 years of age and below in that city declined from 1.82 million to 1.17 million between 1978 and 1983, declining at an average annual rate of 1.15 percent. But during the same period, medical examinations of children increased from 474,000 per year to 793,000 per year, for an annual average increase of 8.96 percent. One-third of these children were healthy and seeking unwarranted medical treatment, because their parents, fearing that something might happen to their child, ran to the hospital as soon as they saw anything unusual. What was unusual, appropriately enough, was biological symptoms caused by poor nutrition and not a sign of illness.

For the two reasons described above, medical expenses for children are rising rapidly, becoming one of the major constituents of the distorted economic environment of only children. [passage omitted]

#### **Footnote**

2. ZHONGXUE DILI JIAOXUE CANKAO ZILIAO (REFERENCE FOR TEACHING CHINESE GEOGRAPHY) No 3, 1991.

**Large Scale Arms Exports Surveyed**

92C MU2794 *Penaling Jaya SIN CHEW JIT POH*  
in Chinese 2 Apr 92 p 2

[Article by Chang Kuo-li (1728 0948 4539). "Great Leap Forward in China's Foreign Arms Sales"]

(Text) During the 1950's and the 1960's China sent arms to third world countries to "assist the revolution." Since the 1980's, however, it has sold large quantities of military aircraft, naval vessels, missiles, and tanks to third world countries to earn foreign exchange and to keep alive the more than 800,000 workers in its ordnance plants. China has now surpassed the United Kingdom and France to occupy third place in the world in foreign arms sales.

The arms that Huo Wen-fang [7202 2429 5364] smuggled are Chinese-manufactured Model 56 rifles, which are a copy of the Soviet AK-47. However, available information suggests that there is no way to determine whether these smuggled arms are military ordnance or rifles used for sport in civilian life. A distinction must be made between the two in law.

The infantry weapon on which China's Model 56 rifle is patterned is an automatic rifle, but China also produces a civilian model for civilian collectors, the major feature of which is that it is semi-automatic.

Many American states do not prohibit civilian ownership of rifles, so following the easing of east-west relations, Russian-made AK-47's flooded the American market for a time. To develop foreign sales markets, China also sold its civilian Model 56 on a new continent, advertising its "AK" lineage. In 1990, however, many cases occurred in the United States in which the civilian model AK rifle became the weapon of choice in the commission of homicides. As a result, import of the Model 56 was banned. Therefore, Huo Wen-fang's sales of the Model 56 in the United States are positively in violation of this law.

The civilian Model 56 is called the Type 56 Sporter. Although its construction is indistinguishable from the Model 56, the quality of its materials is better, and it can be fired only semi-automatically. Since the export model is intended for sports purposes, whether it should be regarded as a military weapon or sports equipment may remain a matter of controversy.

**Seven Large Foreign Arms Sales Corporations Are the Main Sources of Mainland Foreign Exchange**

China's export of both the Model 56 and the Type 56 Sporter is handled by North Industries Corporation (NORINCO), which is generally regarded as a symbol of China's foreign arms sales.

NORINCO appears to be a civilian enterprise, but actually it is under jurisdiction of the Ministry of Ordnance of China's State Council. The Ministry of Ordnance is the largest enterprise on the entire mainland. It

has 187 first rate war preparedness plants alone, employing a total of more than 800,000 people. It's better known plants include the 296 Plant in Chongqing (artillery), the 541 Plant in Inner Mongolia (tanks), and the 861 Plant in Hanyang (artillery shells), whose army equipment and arms are all exported by NORINCO.

Since 1980, the Minister of Ordnance at that time, Zou Jiahua [6760 1367 3478] has advocated ordnance factory production of civilian goods to keep plant equipment and manpower from becoming idle. He also set up the Yanshing Company with responsibility for internal sales of civilian goods that ordnance plants produce. Its products include White Cloud refrigerators, Evergreen refrigerators, Honda sedans, Suzuki vans, etc. The Evergreen Plant (the 216 Plant) in Sichuan, which formerly produced infantry weapons, switched to the production of hunting rifles for export.

The Model 56 infantry rifle was formerly produced in the 366 Plant in Fujian Province, but after the change-over to the civilian model, this model became a staple among the 366 Plant's exports.

From the large size of the Ministry of Ordnance, one can see the reason for the changeover from China's sales of weapons to the third world to "assist revolution" during the 1950's and 1960's to military armaments as an export staple. This enabled it keep alive more than 800,000 workers and to earn foreign exchange as well.

In addition to NORINCO is the Chinese Aviation Technology Import-Export Corporation, whose behind-the-scenes boss is the Ministry of Aeronautics and Astronautics, and which exports military aircraft and air-to-air missiles; the Chinese Electronics Import-Export Corporation, which is under jurisdiction of the Ministry of Machine Building and Electronics and exports electronic warfare, air defense, and communications equipment; the Chinese Atomic Energy Industrial Corporation, which is under jurisdiction of the Ministry of Nuclear Industry, (Ministry of Energy Resources) and exports nuclear industry products and associated equipment; the Chinese Great Wall Industrial Corporation, which is also a new favorite that sells Long March rockets and launches satellites for others; the Chinese Shipping Industry Corporation, which exports all classes of vessels and equipment; and the Chinese Precision Machinery Import-Export Corporation, which exports mostly missiles, but whose East Wind and M-missiles are drawing cards.

The foregoing seven corporations, which are known as the China mainland's seven large corporations, are also a main source of foreign exchange for the mainland.

**China's Vigorous Promotion of the Sale of Military Aircraft, Warships, and Missiles**

The item for which the per unit export sale price is highest must be the military aircraft that the Aviation Technology Import-Export Corporation sells.

The main Chinese military aircraft sold abroad are the FT-5, the F-6, the F-7, and the A-3, the main customers for which are in South Asia and Africa. Pakistan purchased 135 A-3's, 130 F-6's, and 20 F-7's. Before the Persian Gulf War, Iraq had 40 F-6's and 150 F-7's. It must still have some.

Chinese military aircraft are of simple construction and easy to maintain, but their quality is poor by comparison with European and American models. Take the engine of the turbojet series, for example, whose average life is only one-fifth to one-fourth that of American products. On the other hand, the advantage of Chinese military aircraft is the cheap price. A single American-made F-16 fighter plane costs more than \$20 or \$30 million, but a single F-7 costs only \$10 million. Consequently, when selling military aircraft, China frequently cites the following example:

If a turbojet engine can be used for only 800 hours, after the 800 hours, no major overall is needed, all that has to be done is to replace it with a new one. Furthermore, even the replacement is less costly than the overhaul of an American engine. The cheap price of the F series alone is sufficient to attract quite a few poor third world countries.

Airplanes are big business, particularly the later supply of spare parts, which will keep orders coming for 10 years or more.

#### Major Countries Where Chinese Military Aircraft Have Been Sold

	F-5	F-6	F-7	A-3
Bangladesh		36		16
Iraq		40		150
Korea	100	160	60	40
Pakistan		190	20	135
Vietnam	70			
Egypt		56	52	
Somalia		10		
Sudan	5	6		
Tanzania	1	10	11	
Zambia		12		
Zimbabwe			48	
Albania		30	20	

#### Full Name for Chinese Aircraft Abbreviations

Abbreviation	Chinese Name	Alternative Name
F	Fighter Plane	Combat Plane
A	Attack Plane	Attack Plane
B	Bomber	Bomber
H	Helicopter	Helicopter
MB	Marine Bomber	Nose
C	Cargo Plane	Cargo Plane
FT	Fighter Trainer	Fighter Trainer

Naval vessels have also been a focal point for Chinese sales in recent years, but China's Luda Class destroyers are antiquated. The frigate that Egypt—China's number one customer—likes is the Jianghu Class frigate. It bought two of them. It also selected mainland products for the ships' weaponry and electronics systems. Today, these frigates are capital ships in the Egyptian navy.

Thailand is also interested in the Jianghu hulls, but it has fitted them out with American and French weapons systems.

However, the Chinese Shipping Industry Corporation's main sales are not naval vessels but Hawk anti-ship missiles.

The Hawk missile is a ship-to-ship guided missile. A shore-based model for use against landings also exists. A total of four models (models 1 through 4) have been developed, and an anti-ship missile with the code number C-801 is also sold abroad. Reportedly, some of the technology for it came from France; consequently it is known as the "Chinese Exocet." (Exocet is the name for a French anti-ship missile, which Argentina used during the Falkland Islands war in an attack on the British cruiser *Sheriff*).

The "Silkworm" missile, which western countries frequently mention, is the land-based model of the Hawk. Quite a few Middle East countries including Saudi Arabia, Iraq, and Iran use the Silkworms for coastal defense.

China is a major submarine power (possessing more than 100 submarines). For many years it has actively tried to sell submarines abroad, but it has been unable to compete with Russian-made ones. It has been able to export only 17 Romeo (the foreign sales name is ES-3E) to Korea in half sale, half giveaway deals.

Among missiles, China's East Wind Model II intercontinental ballistic missile finds considerable favor in the Middle East. Saudi Arabia is the largest customer.

The East Wind Model II has a range of 1,200 kilometers. Saudi Arabia wants them for use against Israel.

In recent years, the M-9 and M-11 mobile tactical ground-to-ground missiles have found some favor. This is a battlefield support missile mounted on a vehicle that can change its launch position at any time. One example was the Iraqi SCUD missiles that were so prominent during the Gulf War. Syria and Iran, and possibly other countries, are buying them.

#### China Has Become the Third Largest Foreign Arms Seller in the World

Army weapons are naturally the real staple of the export trade. Following the Iran-Iraq War, large numbers of

copies of the Soviet Model 59 and Model 69 tanks were sold to Iran and Iraq. Other customers include Albania, Togo, Mali, Korea, Cambodia, Pakistan, Sudan, Tanzania, and Vietnam. In recent years, the biggest customer has been Thailand. Reportedly Thailand intends to equip five Model 59 tank battalions, retiring some of its old American-made M-41 light tanks. Even though China has overtaken China and France to become the world's third largest exporter of arms in terms of money, following the Gulf War, earnings from exports declined markedly, the main reason being that China no longer dares to continue brazenly to sell large amounts to Iran and Iraq. Nevertheless, the more than 800,000 employees under jurisdiction of the Ministry of Ordnance have to go on living. For this reason, the need to change to the development of civilian goods is more urgent. The transformation of the Model 56 automatic rifle into the semi-automatic Type 56 Sporter is a representative example of this transformation process.

#### Shaanxi Military Head on Basic-Level Cadres

92CM02554 Xian SHAANXI RIBAO in Chinese  
19 Mar 92 p 2

[Article by Shaanxi Provincial Military District Commander Wang Zhicheng (1769 1807 2052) "Enhance Training, Education of Basic-Level Armed Forces Cadres"]

[Text] Recently I led a work team to the basic level to make an investigation and study. I deeply feel that the full-time armed forces cadres of the townships (towns) and neighborhood agencies not only are an important force in building national defense reserves that cannot be ignored, but also are the mainstay of the cadre ranks at the local basic level, and that to enhance their training and education so that they play their proper role is an important responsibility of the local party committees, governments, and military organizations at all levels. There are now problems in these aspects to which sufficient understanding and a high degree of attention should be drawn: the position and role of, the quality and present state of, and the duties and demands on the basic-level full-time armed forces cadres.

#### A. Position and Role

Basic-level full-time armed forces cadres are in the frontline of building the national defense reserves, and are the most basic-level, most direct organizers and commanders of militia and reserve work. This means that, in strengthening the building of the national defense reserves, their responsibility is major, their position is important, and their task is arduous. The specific manifestations of this are in four roles:

1. Command and leadership role. The basic-level armed forces department is the forward command post for building the reserves, and is the "first pass under heaven" for armed forces work. Work in all aspects that is planned by the leadership organizations at all levels, in the end, must be put together at the basic-level armed forces

department. The full-time armed forces cadres must personally organize and lead this work, leading the militia and reserve personnel to do one thing at a time and complete one item at a time. Through their assiduous effort and outstanding successes in work, they turn the higher level's directives into results and benefits that can be seen and touched. Obviously, the organizational and command role of the full-time armed forces cadres is extremely important. If this point is ignored, the building of the national defense reserves will be damaged.

2. Staff officer and aide role. The armed forces departments of the townships (towns) and neighborhood agencies are the functional departments for basic-level armed forces work. They are under the dual leadership of the county (city) people's armed forces department and the party committee and government at the same level. Therefore, the staff officer and aide role of the full-time armed forces cadres is also a very important matter. Practice proves that an important factor in the degree to which the basic-level party committees and governments pay attention to armed forces work is whether the staff officer and aide role of the full-time armed forces cadres is played well. All those who have experience in being full-time armed forces cadres pay the utmost attention to playing the staff officer and aide role. They take the higher level's tasked requirements for militia work, and their own understanding and grasp of the situation, the summed-up work experiences and suggestions, and timely request instructions from and report back to the leaders of the party committee and government, thereby taking the initiative to exercise leadership. In this way they get position and prestige, and the trust and support of the party committee and government, and they vigorously promote the development of militia and reserve work.

3. Organization and coordination role. Basic-level armed forces work is a social project that involves many aspects. It will not do to depend on one department, and it will do even less to depend on several people. We must depend on all departments working and managing together, must depend on all of society making concerted efforts. This objective demand requires that the full-time armed forces cadres make a point of being good liaison officers and coordinators. On the one hand there is coordination in organization and leadership. Not only must they be good staff officers and aides for the party committee and government at the same level, but also they must effect mutual coordination and mutual support with the organization, propaganda, civil administration, workers', youth, and women's departments at the same level. They must also effect good organization and coordination in their subordinate administrative villages and militia companies, formed an integrated force for doing armed forces work. On the other hand, there is the coordination in professional guidance. Militia and reserve work is divided into several categories, e.g., organization and construction, military training, political education, combat readiness and

guard duty, and also specific tasks need to be scientifically arranged according to their order of importance and urgency. This will give the militia and reserve work leadership and order, and thus the work will develop and advance in a healthy manner.

**4. Guidance and exemplary leading role.** The full-time armed forces cadres fight on the frontline of armed forces work, where they keep close to reality and to the militia and reserve personnel. The full-time armed forces cadres must take seriously their exemplary leading role. For the militia and reserve personnel they project a good image and set a good example. Each one must strive to be a qualified full-time armed forces cadre who is politically and ideologically progressive, whose work style is solid, and whose discipline is strict and impartial, and use his model behavior to influence and spur on the militia and reserve personnel, cultivate and train a number of "four haves" new people, and distinguish himself in the armed forces' cause.

#### B. Quality and Present Situation

The proper role of the full-time armed forces cadres must be fully displayed, and in this respect there is the problem of quality. If their quality is poor their role will not be fully displayed. The quality we are talking about is the overall manifestations of a person in the political, ideological, ethical, professional, work style, and discipline aspects. Then, what should, in the final analysis, be the quality of a full-time armed forces cadre? The criteria for this quality are the demands made by Jiang Zemin [3068 3419 3046], chairman of the Military Commission: "qualified politically, skilled in military affairs, good work style, and strict and impartial discipline." Being politically qualified means that the full-time armed forces cadre must be loyal to the party's leadership, staunchly believe in socialism, love armed forces work, and have the unselfish spirit of devoting himself to the cause. Being skilled in military affairs means that the full-time armed forces cadre must be familiar with and proficient in the militia and reserve work and profession, and at the same time be expert in one thing and good at many things. Good work style means that the full-time armed forces cadre must keep in touch with reality, stay close to the masses, strike roots at the basic level, have the spirit of a man of action who wages arduous struggle, and the consciousness of striving to be the first to gain merit. Strict and impartial discipline means that the full-time armed forces cadre must have the consciousness of observing discipline and abiding by the law, and must cultivate the good work style of strictly enforcing orders and prohibitions and being resolute. In brief, doing well in these aspects means having the basic quality that a full-time armed forces cadre should have, i.e., being a qualified full-time armed forces cadre. The criteria for quality are a unity of the abstract and the specific. Provided an effort is made, they can be completely attained. Looking at the entire province, the overall quality of the basic-level full-time armed forces cadres is good. However, the quality of some of them is not good, and these cadres cannot meet the needs for

building reserves in the new period. The main manifestations of this are as follows: First, their level of theory is low. They do not understand and master the basic theories of Marxism-Leninism, thus, it is very difficult for them always to be qualified politically and for the barrel of the gun always to be held in the hands of dependable people. Second, their concept of policy is poor. Some armed forces cadres do things according to their own experiences, feelings, and "assumptions", therefore, the phenomenon of improper policies and rules and blind, reckless action often appears. Third, their spirits are jaded, and their force for implementation is weak. Some full-time armed forces cadres lack the vigorous, energetic spirit that young people should have. With regard to the higher level's instructions, demands, and tasks, they do not complete them in a manner of trying every means and being creative. When they do a job they merely muddle along. Fourth, their professional quality is poor. Some comrades do not study their profession intensively, and they do not organize and carry out training and do not have any knack for political education. Fifth, their work style and discipline are slack. Some full-time armed forces cadres have a dim consciousness of laws and regulations and a faint concept of organizational discipline; they do not respond to the calls of military organizations, and they stick to old ways of operating. Still other full-time armed forces cadres have a bad moral character, and they exert a very bad influence. In summation, there is now a fairly prominent contradiction between quality and the present situation. At every level there must be a sense of urgency and a sense of responsibility, and the full-time armed forces cadres must be given vigorous guidance in the criteria for quality in practice and in the projection of a good image.

#### C. Tasks and Demands

The guiding ideology for this year's militia and reserve work in Shaanxi Province is as follows: With the spirit of the Eighth Plenary Session of the 13th CPC Central Committee as the guide, and with the spirit of the expanded session of the Lanzhou Military Region CPC Committee as the basis, get a grip on the core of quality building, center on the general goal of creating an advanced province, strengthen the three concepts of striving to be the first to achieve excellence, of being organized and disciplined, and of getting a tight grip on implementation, enhance the building of the party committee, the organizations, and the basic level, highlight the three focuses of the commemorative activities for the 30th anniversary of the "three implementations" and the 30th anniversary of dual support in party building and militia work, and strive to raise unit building and reserve building to a new level. To attain the goal of striving to be the first in achieving excellence and in implementing the guiding ideology in work, the great number of full-time armed forces cadres must do the following:

1. Enhance three consciousnesses. The first is the consciousness of suffering. The contemporary world is not tranquil, and the threat facing China of "subversion,

infiltration, and peaceful evolution" is looming larger and larger. A full-time armed forces cadre must firmly establish the ideology of a fighting force, never forget his own duty, be prepared for danger in times of peace, heighten vigilance, and strive to do well in his own job. The second is the consciousness of mission. He must overcome the fear of hardship and fatigue, the feeling of being too concerned about personal gains and losses, and other confused ways of thinking; must integrate his individual interests with the country's interests and the nation's interests, enhance his sense of responsibility and sense of mission, and hand over to the party and the people a qualifying examination paper. The third is the consciousness of implementation. Full-time armed forces cadres are on the first line of implementation. He should establish a strong consciousness of implementing and getting actual results, and overcome and correct the bad atmosphere of just talking and not doing, and of just looking and not doing. Hard, true, and real action ensures every piece of work will be done in a solid fashion.

2. Take the path of integrating Red and expert. Red and expert are a unity of opposites, and are also the two most fundamental aspects that every full-time armed forces cadre must have. "Red" is, of course, extremely important, but, looking at the present situation in the quality of the ranks of full-time armed forces cadres, solving the problem of "expert" is more urgent. By using many means, such as short-term concentrated training, periodical school and correspondence school, and advanced training in school, and by initiating on-the-job troop training for armed forces cadres, we will create a good atmosphere in which "it is honorable to be proficient in one's profession and shameful to be unprofessional." During the process of enhancing professional studies, we

certainly must make regularized training an important part of it. From cultivating work methods to cultivating work style and discipline, the full-time armed forces cadre must reflect the demand for regularization, truly attain good quality, professional proficiency, strong capability, high efficiency, and strict discipline, and take the path of being both Red and expert.

3. Cultivate the work style of arduous struggle. The Yan'an spirit—with its main part being arduous struggle, self-reliance, no fear of difficulties, and sparing no effort in struggle—is our cherished heritage. Shaanxi has a unique superiority in displaying the Yan'an spirit, and we ought to try to be the vanguard model in practicing the Yan'an spirit. Grasping the basic characteristics of arduous struggle, vigorously cultivating and tempering the thinking and work style of doing arduous pioneering work, and overcoming the idea and feeling of being content to be middling and not trying to make progress, they will create an atmosphere in which they work energetically to advance, in which "you pursue and I catch up," in which everybody tries to be first, and in which all work is constantly being pushed to a new stage.

4. Make use of the method of grasping typical examples. Grasping typical examples is one of the leadership arts of Marxism, and is a concrete application in work of the principle of the universality and the particularity of a contradiction. Full-time armed forces cadres have a unique superiority in grasping typical examples. If every one of them can grasp one or two typical examples, then there will be throughout the province a very large pool and network of typical examples. The militia and reserve work will then be imbued with vitality and vigor, and there will be both a breakthrough at one point and a spreading out in the area, so that in our work there will be new progress, new improvement, and new development.

## NORTHWEST

### Ningxia Chief Procurator's Annual Work Report

92CM02914 Yinchuan NINGXIA RIBAO in Chinese  
7 Apr 92 p 3

[Summary of the Work Report of People's Procuratorate of the Ningxia Hui Autonomous Region by Ma Zhao, Chief Procurator, at the Fifth Meeting of the Sixth People's Congress of the Autonomous Region on 12 Mar 1992]

#### [Excerpt] [passage omitted] 1. Continuing To Unfold the Struggle Against Corruption and Bribery

In 1991, the procuratorial organs of the region accepted 463 corruption and bribery cases, of which 192 were filed and investigated. Of the filed cases, 123 cases involved corruption, and 69 bribery; 38 involved amounts exceeding 10,000 yuan, accounting for 19.79 percent of the number of filed cases. Eight county department level cadres were involved; and 187 cases involving 244 persons have been closed. Eighty persons have been prosecuted in court, accounting for 32.7 percent of the number of closed cases; 79 persons were exempt from prosecution, accounting for 32.3 percent; and 45 cases were dismissed. In addition, the procuratorial organs of Ningxia accepted 183 cases of embezzlement of public funds, tax evasion and defiance, of which 83 cases were filed and investigated, involving four county department level cadres, and 91 cases were closed. After handling these cases, 3,877,600 yuan of economic losses for the nation and collectives were retrieved. The situation described above shows that the development of the anti-corruption and anti-bribery work in our region is normal and sound. First, the number of filed cases was kept at the level of a normal year. Except for 1989 and 1990 when the magnitude of increase in the number of filed cases was larger because of implementation of the "Two-High" Announcement, and the number of filed cases in 1991 was higher than in any other year since the reconstruction of the procuratorial organs of Ningxia. Second, the proportion of corruption and bribery cases was larger. The two categories of cases of corruption and bribery accounted for 69.8 percent of the total number of filed cases, and other criminal cases accounted for only 30.2 percent, thus showing the focus of the anti-corruption and anti-bribery work. Third, the proportion of big and important cases was basically kept at the same level as in a normal year, the big cases accounting for 23.6 percent of the total, and the number of prosecuted persons in the important cases accounted for 3.45 percent of the total of the filed cases. Fourth, the percentage of exempt cases decreased to 39.6, a drop of 19.3 percent from 1990.

(1) Procuratorial organs at all levels, conscientiously carried out the spirit of the National and Regional Chief Procurators' Work Conferences, have steadily continued the understanding of the importance of the struggle against corruption and bribery, and have come further to see that

to prosecute corruption and bribery crimes is the most important and direct service to economic construction. To strengthen case works, procuratorates at all levels have reinforced the organization, system, and ideology of cadres in anti-corruption, anti-bribery bureaus, and have given priority assurance in the use of manpower, transportation means and funds. The chief procurators participated in person in dealing with cases, both as commander and as combatant, and played an important role in breaking through big and important cases, and promoting the development of the struggle against corruption and bribery. To raise further the level of investigative works, the Procuratorate of the Autonomous Region made timely summing-up and exchange of practices and experiences of "small climax," digging "sheltered cases" and "stringed cases" that the grass-roots procuratorates have launched to promote continuing development of the anti-corruption and anti-bribery struggle.

(2) More distinct results were obtained by stressing systems, by watching out systematically for essentials, by actively finding and grasping the characteristics and the pattern of corruption and bribery activities and by taking initiative to get deeply into units with more problems as strongly reflected in the opinions of the masses to dig out borers.

(3) To strengthen offender reporting, vigorous propaganda on the struggle against corruption and bribery has been continued to widely encourage the masses to report offenders. At the same time, report accepting points have been set up beyond the walls of the organs; clues obtained from reports have been sorted out case by case and communicated to concerned workers; "Regulations on the Protection of Citizen's Right to Report Offenders" are carried out to accept and investigate cases of retaliation against whistle-blowers and to take measures to protect and reward people who have rendered services in offender reporting, so that the initiative of the masses is further brought into play and the good momentum of offender reporting can be maintained.

(4) While resolutely implementing the guiding ideology of serving economic construction, after handling the cases, efforts have been made to explore various ways of serving large- and medium-size state enterprises and serving agriculture and rural work. Based on investigation and study, the Procuratorate of Ningxia has drawn up "Opinions on Procuratorial Organs Linking Case Works With Serving the Development of Enterprise Production (Trial Basis)." Many procuratorates have taken the initiative to establish relation with large enterprises to understand new situations and new problems arising in enterprises' efforts to enliven the economy and continue reform, and to bring into full play the effect of procuratorial suggestions in helping units with problems stop up loopholes and strengthen systems to prevent and reduce crimes, and to show solicitude for enterprises from all angles and develop and create a good legal environment for enterprises. While handling the cases, we resolutely followed the policy of "firmness first,

prudence second, accuracy a must," strictly distinguished between crimes and noncrimes, correctly and prudently adopted various coercive measures, paid attention to safeguarding the channels of production, supply and sale, and the reputation of enterprises, actively guided enterprises to run business according to law, obtained good social results, and won unanimous praises from all sectors of society and the broad masses of people.

Objective facts of our region in the last three years show that the phenomenon of corruption and bribery is serious; the struggle against corruption and bribery is long-term, arduous and complex. Although we have been constantly cracking down on corruption and bribery crimes, this most rotten phenomenon is not yet checked. Connecting the soul-stirring harsh struggles in the nation and abroad and summing up the lessons of history and reality make us see clearly that the struggle against corruption and bribery is an important aspect of anti-peaceful evolution and an important expression of class struggle in the primary stage of socialism. Whether we resolutely crack down on corruption and bribery crimes has a bearing on whether reform and opening up can healthily develop, whether modernizing economic construction can go on smoothly, whether we can win in the anti-degeneration struggle, has a bearing on the future and destiny of building socialism with Chinese characteristics and the realization of Ningxia's 10-Year Program and the second step strategic goal of the Eighth Five-Year Plan. Therefore, we must unswervingly carry out the pro-honesty, anti-corruption, resist-degeneration, prevent-evolution policy of the party Central Committee, enhance our sense of mission and responsibility, boost our spirit, overcome difficulties, and continue to push forward and continue the struggle against corruption and bribery.

## II. Severely Crack Down on Serious Criminal Offenses

In 1991, the procuratorial organs of Ningxia accepted requests from public security organs for the arrest of 2,999 persons, and approved the arrest of 2,513 persons, accounting for 83.79 percent; accepted 3,010 persons transferred from public security organs for investigation and prosecution, investigated 2,810, of which 2,540 persons were prosecuted, accounting for 90.39 percent.

(1) Procuratorial organs at all levels, under the unified coordination of local party committees, starting from local realities, acting in conjunction with other departments such as public security and courts, and attacking key points, launched the specific struggles of "punishing kidnapping and trafficking of women and children," "cracking down on bicycle thefts," "cracking down on sabotage of rural electric lines," "cracking down on the crime of rape, use of explosives, and hooliganism," "wiping out pornographic materials, and prohibiting gambling," "countering internal thefts," "cracking down on drug smuggling" etc. Especially since the launch of anti-theft struggle activities in the nation and in the

region, procuratorial organs at all levels vigorously participated in the war. The arrest of 435 thieves in the region was approved, and 429 were prosecuted.

(2) Vast number of procuratorial personnel, under tight schedule, heavy assignment and manpower shortages, not only fought continually by working overtime, but also persisted in intervening ahead of time to grasp case details, stepped up speed of case handling, and ensured the quality of case handling. According to statistics, procuratorial organs of the region intervened ahead of time in 235 important and extraordinary cases involving 382 persons and succeeded in fast arrest and fast prosecution, both accurate and relentless to hit hard at serious criminals.

(3) The procuratorate of the Autonomous Region and the branch procuratorates of municipalities regularly went down to grass-roots units to strengthen examination and guidance of case works: First, checking case quality to prevent mistakes or omissions, and insufficient crackdown; second, checking the case time limit and insisting on speedy handling to prevent the situation of overlong detention or to avoid bungling the chance of winning while at a procuratorial stage, third, checking in-house investigated cases, especially the quality of corruption and bribery cases exempted from prosecution, and minimize the prosecution exemption rate. In 1991, the prosecution exemption rate of corruption and bribery cases declined 16.6 percent from 1990. Procuratorial organs of the region, while closely focusing on the central task of case handling, continued to hold and constantly perfect the effective case handling system, established generally a responsibility system for case handling, further strengthened investigation and study, made timely analyses of causes of problems existing in the work and made timely corrections, thereby ensuring case quality and raising the level of law enforcement.

(4) To enhance supervisory work on the "Two Activities," 27 written and 50 verbal notices for rectifying illegalities were issued to public security organs and to people's courts. Through the rulings of the review courts, counterpleas were entered according to the law on 21 cases. Especially with new developments in forward extension of investigation supervision and in follow-up supervisory work, in 1991, procuratorial organs of the region made supplementary arrests of 19 criminals, and made supplementary prosecution of 18 criminals.

## III. Further Strengthen Procuratorial Work on Law and Discipline

In 1991, procuratorial organs of the region conscientiously launched procuratorial work on law and discipline, strengthened investigation and dealing of cases of rights violation and malfeasance, focusing on five categories of cases the occurrence rates of which were higher and which had greater social impacts— extraction of confession by torture, favoritism and malpractice, illegal detention, dereliction of duty and important responsibility accident, and gave prominence to investigation

and handling of important and extraordinary ones among them. Procuratorial organs of the region accepted 262 cases of all categories of law and discipline, and filed 110 of them, a rise of 8.9 percent over 1990, of these eight were important and extraordinary cases, and 76 were in the five categories, accounting for 69.1 percent of the total cases filed.

(1) Procuratorates at all levels took case handling as their main mission, concentrated their efforts on investigating and dealing with big cases and important cases, the leadership insisted on participating themselves in case handling, adopted all kinds of measures to strengthen investigative works, gave prominence to speediness, and obtained in time reliable decisive evidence. Cases of major responsibility accidents were the most numerous of law and discipline cases in our region, in 1991 a total of 86 cases were accepted in the region, and 37 cases were filed, accounting for respectively 33 percent of accepted cases of all categories and 34 percent of filed cases. While investigating and dealing with this category of cases, the procuratorates all dispatched personnel in time simultaneously to examine sites and to launch interrogation, obtain reliable evidences, reduce interference during case handling, and shorten the case handling cycle, thus making all sorts of illegal behavior difficult to succeed and safeguarding the sanctity of law.

(2) Adhering to the policy of "laying equal stress on crackdown and prevention," the procuratorates paid attention to the basics and to prevention. While investigating and dealing with cases, attention was directed to finding and analysing the causes of occurrence of the cases, specific propaganda on the legal system was launched, procuratorial suggestions were put forward to help units involved in the cases improve their systems, strengthen management, and remove hidden troubles,

thus effectively preventing occurrence of accidents and crimes, and promoting enterprises' safe production.

#### IV. While Giving Prominence to Key Work, Clear Progress Was Also Made in Other Procuratorial Work

In 1991, procuratorial organs of the region conscientiously launched inspection of jails, raised rectifying opinions 54 times on illegal activities in reform work supervision. Four cases of police crimes involving four persons and 19 cases of law violation involving 21 persons were investigated and dealt with. Regarding overlong detention, rectifying opinions were raised 37 times, and all cases were quickly corrected. While severely cracking down on prison gang leaders according to law, procuratorates accepted 26 cases involving 38 persons of crimes committed by convicts, of which 20 cases involving 30 persons were investigated, prosecuted and convicted.

In 1991, 3,265 cases of citizen's accusations and appeals were accepted, all of which were conscientiously handled in accordance with limits of jurisdiction stipulated by law. Among them, 93 "Two No, One Exempt" appeal cases were investigated and dealt with by the procuratorate for accusations and appeals; 43 cases handed down by the party committee, the government, the Standing Committee of People's Congress and the Chief Procurator of the Autonomous Region were handled by task forces, and 28 cases were concluded with feedback, accounting for 65 percent. Among these, 18 cases were handed down by the Standing Committee of People's Congress, accounting for 78.2 percent, and the rest were referred to relevant departments for investigation. At the same time, 23 emergency cases were handled on time and effectively to eliminate factors of instability, safeguard social stability, and obtained good social benefits. [passage omitted]

**NSB Director Sung Hsin-lien Interviewed**

92CM0289A Taipei HSIN HSIN WEN [THE JOURNALIST] in Chinese No 263, 28 Mar 92 pp 12-16

[Interview with NSB Director Sung Hsin-lien by Hsieh Chung-liang, place and date not given: "Sung Hsin-lien Wants To Withdraw From His Position"]

[Excerpt] [passage omitted] The following summarizes the main points of an interview with Sung Hsin-lien.

**Question:** The legalization of the National Security Bureau [NSB] is imminent. What will be the future direction, role, and position of the NSB?

**Answer:** Intelligence units will become legal and functional, but not transparent. The future NSB will play the role of "watching the front gate for the people," and their priority will be responsibility to the president. Therefore, we will primarily be an advisory staff to the president. The NSB is an intelligence agency subordinate to the president.

**Question:** Based on the idea that you believe "intelligence" and "security" to be two separate things, after intelligence and security are divided up, which units will head the national security system?

**Answer:** The NSB is an intelligence gathering, analysis, research and evaluation agency, providing all kinds of information to the president and heads of ministries. As for security, the national police department will be responsible for coasts, ports, and airports, and the Bureau of Investigation will mainly handle cases of political investigation and economic crimes.

**Question:** The NSB should be headed by an intellectual, in fact, this seems to be the trend of the future. Has this already been clearly decided in the organization of the NSB?

**Answer:** Whether the head of the NSB is an academically trained individual or a military officer is not important. Of primary importance is his ability to investigate. As long as the candidate is competent, he should be appointed no matter whether he is a civilian or an officer. In other advanced countries, such as the United States, France, Great Britain, and Turkey, there is already the precedent of military officers heading intelligence agencies. Therefore, this is a trivial issue and should not be considered important. Modern military officer training includes international studies, science and technology, and current world events, in addition to basic training and studies. Thus, the outside world should not harbor any misgivings about the role of the military in intelligence. People often criticize the military. If a person who rides in a sedan-chair all day beats the sedan carriers, then the carriers will not know how to walk. Likewise, if the military is too often under attack by the public, they will have low morale and not know what to do.

**Question:** Another thing the NSB has received public denunciation for is the black list. After the legalization of the NSB, will the black list problem be solved?

**Answer:** As far as the nation is concerned, the NSB acts as a "gate keeper." In every country there are unwelcome persons. For example, not everyone who wants to go to the U.S. is able to get a visa; the U.S. and every other country has a list of undesirables. It does not matter if they are natives or foreign nationals, no one will get on the "list of undesirables" as long as the person is law abiding. On the basis of national security considerations, steps must be taken to limit the people coming into the country. You do not want your guests coming to your home to make trouble, do you?

**Question:** Every time domestic politics suffers some turmoil, there are rumors about wiretapping by the NSB. Does the NSB carry out such activities?

**Answer:** The media need not always be trying to pick up the topic of wire tapping. If one is not committing subversive acts, what is there to be afraid of? Doesn't the American CIA also wiretap specific targets? Otherwise, how could the U.S. and West Germany get the information about Taiwan's salmon case and the Libyan hijacking case? In the future, the Legislative Yuan will pass related laws and decrees on telecommunications, so domestic surveillance will have an organization that will wiretap targeted subjects.

**Question:** Leaks coming from the Foreign Relations Association have resulted in significant conflicts in the academic community and the NSB was also hurt. Will this particular case result in an impasse between the NSB and the academic community?

**Answer:** Actually, the establishment of the Foreign Relations Committee is not as complicated as outsiders imagine it to be. The NSB already has enough experts and information on the U.S., however, information on Europe is insufficient. Therefore, the NSB invited an expert with a strong academic background to set up a peripheral organization so as to establish some contact with the outside world. This is not that big of a deal. If you display your title of "intelligence agent," nobody will be willing to do any business with you, besides, it is not appropriate for the intelligence department to come out publicly. Each country's intelligence network has various peripheral organizations to serve as a bridge to the outside. The purpose of establishing the Foreign Relations Association is to use Professor Cai Zhengwen's overseas studies background in Europe to increase our understanding of Europe. Particularly due to rapid changes in recent years, not only do we not understand them very well, but also their understanding of us is very limited. Thus, the basic design of this action is to support Professor Cai's academic organization to act as go-between for the academic communities of Europe and Taiwan, and to bring closer understanding between the two sides. The CIA in the United States has a similar approach. The CIA has contact with professors from

every American university. This is a common situation in the United States, but in Taiwan it has become completely twisted around!

Question: You are always bringing up the CIA. Does the NSB have plans to organize itself along the lines of the CIA?

Answer: Circumstances in every country are different. Taiwan has an immediate, clear enemy, whereas the United States does not. That is why the NSB cannot model itself completely on the CIA. Presently, the NSB gathers information on various countries' intelligence organization methods, including the Chinese Communist Party, the U.S., Japan, the Soviet Union, France, Israel, and the U.K. We are hoping to draft a proposal for an organization suitable to our country's needs and situation, including the possibility of changing the present name of NSB.

Question: There are different views within the NSB as to whether or not the future NSB should establish a special operations unit. What is your view on this issue?

Answer: Intelligence work is foremost a job measured by its function and assignment. To fulfill its mission, one must try out both "must do" and "should do." The backwardness of our intelligence organization compared to the CIA is huge. Primarily, it's a difference of funding. Officially, the CIA's budget is \$10 billion, but CIA personnel have told me, the agency's annual spending on gas alone is more than \$30 billion. However, our intelligence agency has only a two billion NT budget which includes all listed and unlisted expenses. In view of such a huge difference in funding, we really cannot be compared to the CIA. The budget of the NSB constitutes only 1 percent of the 200 billion NT defense budget, and only 0.1 percent of the total state budget. This level of funding really is not capable of attracting skilled professionals into the NSB. However, before the NSB attains legal status, the National Defence Department will have to make a budget on behalf of the NSB.

Question: Considering the present Legislative Yuan's ability to keep a secret, when the NSB sends its proposed budget to the Legislative Yuan, it is bound to be easily leaked. Has the NSB taken any measures regarding this situation?

Answer: Confidentiality at the Legislative Yuan is not too good. This is a real concern for the NSB after it has legal status. In the United States, the Congressional Intelligence Affairs Committee and Defence Committee are run by experienced, senior members, who are able to follow the principles of confidentiality. When the departments concerned submit their budgets, they do not have to worry too much about having them exposed. However, after our Legislative Yuan approves the Defense Budget, it falls straight into the hands of the media. In the future, when the Intelligence Committee reviews the NSB's budget, there is a strong possibility of a similar situation occurring, and the enemy on the other shore

has only to read the papers to find the classified information it wants. Herein lies a contradiction: Intelligence fights a battle of wits and must use secretive methods; but before the battle you have to expose yourself to the light of day and put yourself in a disadvantageous position. Such a situation runs straight against the nature of intelligence work. Therefore, whether or not future NSB's activities are able to run smoothly depends on the ability of the Legislative Yuan to improve its record on confidentiality regarding national security. But it is beyond the scope of the NSB to prevent such leaks.

Question: Speaking of funding, after the NSB is legalized, its budget must be reviewed and approved by the Legislative Yuan. Based on the principle of secrecy in intelligence work, will the NSB be able to prevent this in advance?

Answer: In every country around the world, intelligence funding is listed according to general items, so that detailed items need not go through Congressional approval. CIA funding, except for the openly listed items, is hidden away in the budgets of such departments as Defence, Economics, Arts, and Education. This is because the CIA provides other administrative departments with needed information. Due to the nature of secrecy in this kind of vocation, the secret budget of the CIA does not have to be open to Congress.

Question: In the past, we have lacked knowledge on Soviet and Eastern European affairs. Now that the camps of the Soviets and Eastern Europeans have dissolved, we have a pressing need for information about these areas. Does the NSB have any plans for establishing a unit with a special responsibility for Soviet and Eastern European affairs?

Answer: Who says that the NSB has not already established such a unit? It is simply that the outside world does not know about it, and that the NSB isn't talking.

Question: Taiwan does not have many formal diplomatic ties with other nations. Has this caused any problems for the NSB in obtaining intelligence from other countries?

Answer: Of course it's been tough. The exchange of information and cooperation with countries with whom we have no diplomatic ties has been done on a quid pro quo basis. If we do not have anything advantageous to offer other countries, then other countries will not offer us information for free.

Question: Has Taiwan shifted its orientation somewhat in gathering international intelligence, following rapid changes in the world situation?

Answer: Of course, regardless of whether past or present, our intelligence gathering places first priority on Communist China. As far as the changes in the international scene are concerned, we have gradually begun to emphasize intelligence regarding European affairs. Especially at present and in the near future, economic strength will be

the most decisive force. Taiwan is a country with no market, although regional economies have gradually been forming which have attracted the attention of Europe. Therefore, the gathering of information on Europe's economy is one of our most important targets. We can clearly see that "cooperation" is the path the whole world economy will follow, and that ethnic groups will continue to break away from each other. The integrated formation of regional economies will be interdependent yet competitive and conflicting. We hope that by attaining information to be able to play a part in international separations and unification, to substitute conflict with cooperation. So, the NSB is actively pursuing European intelligence.

**Question:** Following developments in international intelligence there will be a need for a greater number of various talent, does the NSB have any scheme for personnel training in this regard?

**Answer:** I've already talked about the limited budget we have, and how difficult it is to retain personnel. How is it possible to attract more personnel? The NSB had considered hiring outstanding college graduates, but the results were not satisfactory. Perhaps this was because the security and intelligence officers in the past did not use good methods. This resulted in a lack of interest from the recruits. To work out this problem we must wait until after the NSB is legalized, then take things one step at a time by recruiting and cultivating students, so as to replenish and strengthen our staff. But there is something I need to emphasize, national security belongs to all the people, not only to the NSB. Only when every citizen possesses this understanding can the job of national security be done satisfactorily.

**Question:** The staff shuffling which took place inside the NSB at the beginning of this year seems different from your previous way of doing things. Was it also personnel related?

**Answer:** The Fourth Department has been deputized by Vice Director Shi. This is nothing special. The candidate for the Director's position can be sought out and decided on later.

**Question:** Finally, may I ask you a personal question, regarding your term in office?

**Answer:** I ought to have retired long ago. Now it's time to let the younger generation develop.

#### **KMT Party Whip Hsieh Lung-sheng Profiled**

92CM02714 Taipei TZULI WANPAO in Chinese  
3 Apr 92 p 2

[Article by Chang Ming-hsien (1728 2494 6343): "Hsieh Lung-sheng (6200 7127 4141): Leader of the Hawks Is Reckless in the National Assembly; Famous for Valor in Combat, Aggressiveness in Conduct"]

**(Text)** Ever since this year's extraordinary session of the National Assembly began, and before the issue of constitutional amendments came up on the agenda, the two parties have been in a shouting match every day, and there has been no end to the confusion. The Kuomintang (KMT) blames the Democratic Progress Party (DPP) for making an issue of every matter, and the DPP condemns the KMT, especially the party whip, Hsieh Lung-sheng, for high-handed behavior. The DPP delegation sees him as representative of the KMT's hawk faction, and for a time they focused on him as the object of their protests.

Ever since Hsieh Lung-sheng succeeded Chu Shih-lih (2612 1102 3525) as secretary-general of the KMT's delegation in the National Assembly, he has impressed people by his aggressiveness. At last year's extraordinary session, he set the example by boldly throwing himself at Su Chia-ch'an (3683 0857 0356). He took a hard punch in the meice, bled from the eyeball, and was sent to the hospital. That day he was exiled by Sung Ch'u-yu (1345 2806 3842). It could be said that Hsieh Lung-sheng won fame after just one battle. Last week, the DPP rose up in a body to rush the podium, because they failed to elect one of their own to be deputy secretary-general of the National Assembly, and because the KMT passed the order of the day on a party-line vote. On the spot, Hsieh Lung-sheng passed a note to Chu Yu-fu (2612 2589 4395), the chairman of the plenary sessions, and for the first time called in the police, inciting the DPP to walk out of the meeting in protest the next day. After that, the DPP divided the KMT's negotiators into hawks and doves, and Hsieh Lung-sheng is foremost among the hawks.

Hsieh Lung-sheng has always been seen as a member of the San Ch'ung (0005 6850) machine. In fact, he got involved with the San Ch'ung machine because he is related by marriage. He comes from a middle-class family in Tamsui, but his sister, Hsieh Han-chien, (6200 4988 6015) married the elder brother of Lin Jung-san (2651 2837 0005), boss of the San Ch'ung machine. It was she who brought Hsieh Lung-sheng into the machine, and arranged for him to be hired on at the Hung-kuo conglomerate. Mrs. Lin, the former Miss Hsieh, doesn't yield to men in her ability. Last year, she was chosen as one of Taiwan's 10 most outstanding women entrepreneurs. She spent several hundreds of millions of New Taiwan dollars to establish TA CH'ENG PAO, a newspaper specializing in news of the entertainment industry, and also paved the way for future development of cable television.

Before Hsieh Lung-sheng became party whip in the National Assembly, he traveled a rocky road in his government career, but his luck was pretty good. He got into politics by using the power of the San Ch'ung machine to win election to the Taipei City Council. In 1980, he ran for the National Assembly and became a supplemental assemblyman. During that period, he did not hold any important party offices, and it could be said that he was an unknown. But no one could ignore the

financial and human resources of the San Ch'ung machine that he had behind him.

Around 1983, the Shih Ch'iu-ling (3740 3808 1545) affair in the Keelung City Council broke wide open. Some councilmen were implicated in charges of bribery and malfeasance having to do with illegal land conversion, were investigated and interrogated, and also arrested and denied visitors. This created excitement throughout the city. One councilman, the newspapers reported, insisted that Hsieh Lung-sheng had served as a middle-man in the affair and collected payoffs. Hsieh Lung-sheng, facing an inquiry by the Investigation Bureau, fled to southern Taiwan to get out of the public eye. In the end, the storm blew over, and Hsieh Lung-sheng reappeared on the public scene.

In 1986, Hsieh Lung-sheng sought reelection to the National Assembly, but at that time the family of Lin Jung-san, of the San Ch'ung machine, was quarreling over the family property. Hsieh Lung-sheng then changed his housing registration to the Tai Mu district of Taipei. Because he was president of Szu Hai Vocational College, he sought a nomination from the KMT's Education Group, but he could not beat Ch'en Hu-an (7115 3886 1344) and Ts'ai Pen-ch'an (5591 2609 0396), and his reelection bid was in crisis.

At that time, Shao Szu-hun (6730 1835 2450), the former governor of Taipei County, was serving as deputy secretary-general of the KMT's Central Committee. In response to his strong recommendation, Hsieh Lung-sheng returned once again to San Ch'ung in Taipei County to run for office, but his run of bad luck was not yet removed. His opponent in the party accused him of buying votes, and a serious antagonism erupted between the two. But in the end, with a full effort from both the party hierarchy and the San Ch'ung machine, he was easily elected to the National Assembly.

In 1988, Hsieh Lung-sheng's luck took a turn for the better. Li Huan (2621 3562), secretary general of the KMT Central Committee, and Kuan Chung (7070 6850), vice-secretary general and director of the organizational working committee, promoted him to the job of vice-chairman of the organizational working committee. The Central Committee wanted to make use of the great power of the San Ch'ung machine that was backing him, to help them in the three elections for public office the following year.

In the 1989 election for Taipei County magistrate the KMT candidate, Taiwan University professor Li Hsi-k'un (2621 6932 6924), was fighting desperately. Hsieh Lung-sheng was a key figure in his campaign. But Li Hsi-k'un lost to Yu Ch'ing (1429 3237), leading to Kuan Chung's departure from office. Two deputy chairmen of the organizational working committee, Ching Feng-kuan (5427 7645 1511) and Chan Ch'un-po (6124 2504 2672), also followed Kuan Chung out of the party hierarchy, but Hsieh Lung-sheng, contrary to what might have been expected, came out of it clean. After that, his career took

off, and he succeeded to the post of secretary-general of the party. The political world admired his "smooth official connections," and his cordial relationship with Lin Yang-kang (2651 3152 3263) also gradually became better known.

Therefore, at the time of the 1990 presidential election, when the conflict erupted between the mainstream and nonmainstream factions of the KMT, Hsieh Lung-sheng was labeled a nonmainstreamer because of his relationship with Lin Yang-kang. But at the time, Hsieh Lung-sheng had only limited influence in the National Assembly, so this did not especially attract attention.

Last year, when the KMT was nominating people for the second National Assembly, it originally did not plan to nominate KMT members to be supplemental assemblymen. It is rumored that, because of Lin Yang-kang's strong recommendation, Hsieh Lung-sheng managed to get on the list of candidates for national assemblyman at large in his capacity as secretary-general of the KMT delegation in the National Assembly. Ch'en Chuan (7115 1557), deputy secretary-general of the National Assembly, who also had considerable influence among the supplemental assemblymen, was also later nominated for assemblyman at large.

Hsieh Lung-sheng is frank and outspoken by nature. When other assemblymen speak to him in public, he usually gives no response, and he's not very popular. For this reason, many assemblymen predicted a limited political future for him. But in the perilous environment of the fierce power struggles within the party, he has repeatedly escaped danger and come out ahead, outmaneuvering his rivals. Clearly he has hidden talents that others don't realize. Actually, Hsieh Lung-sheng is meticulous in his thinking, in handling relationships between the party and the government, he has remained a businessman at heart. In the arduous process of struggling up from the lower ranks to the central leadership of the party, he has put down roots everywhere. He has established connections separately with the leaders of all the opposing camps within the party. He is absolutely obedient to the Central Committee. He sternly demands that party members in office thoroughly carry out the will of the party Central Committee, following orders exactly as given.

Hsieh Lung-sheng's hard-nosed behavior has met with great challenges during this year's extraordinary session of the National Assembly. The DPP delegation sees him as the leader of the hawks, so they go all out to tangle with him on side issues. But Hsieh Lung-sheng, under pressure from the KMT's hawks, is using strong-arm tactics to deal with the DPP.

Ts'ai Shih-yan (5591 1709 3220), the master strategist of the DPP delegation, points out that the DPP is the minority party in the National Assembly, and what any minority party wants is room for full debate. The essence of democratic government is that the views of the minority party should be able to become clearer and

clearer in full debate between the two parties. But Huich Lung-sheng's hawkish behavior restricts the room for this kind of debate. Unless the intention is to force the DPP to withdraw from discussions and take to the streets again, there is no reason to it, and this is the tragedy of the KMT.

### Editorial on Impact of Economic Ties

92CE0178B Taipei CHING-CHI JIH-PAO in Chinese  
10 Mar 92 p 2

#### (Editorial "Mainland Feelings")

**[Text]** When faced with the term "mainland," various complicated emotions can immediately well up in the hearts of the Chinese people in Taiwan. There are people who earnestly feel that this is a time that the Chinese people cannot overlook for reorienting efforts so that Taiwan and the mainland can work hand in hand and rebuild the glory of the Chinese people. They also believe that the present moment is a favorable opportunity rarely encountered in several decades if we only grasp this opportunity and boldly forge further ahead, swiftly let the greater Chinese economic circle take advantage of favorable conditions, and make this the starting point for China to once again stand up and look down at the world.

There are more people, however, that look upon the mainland as a disaster gazing with the cruel greed of a tiger looking for the opportune moment and preparing to swallow Taiwan in one gulp. Therefore, we must constantly exercise caution and discipline, move carefully every step of the way, and put forth the utmost effort to restrain those short-sighted business people who are only seeking personal gain and are heating up cross-strait relations too much, allowing Taiwan's economy to increase its dependence on the mainland too fast and suffer unnecessary vulnerability. They are more anxious about the steady flow of Taiwan's funds and technology into the mainland not only putting Taiwan's industry, but also raising a tiger to court calamity, increasing enemy strength, and creating the greatest threat to ourselves.

Regardless of our feelings, however, this world continues on its own without stopping. Objective time and space are constantly changing and several things that are not easy for us to ignore are appearing before our eyes. After the previous few years when firms "snuck" into the mainland to seek more space for survival and invested in the construction of factories, we have begun to enter the stage of production for sale abroad. The processing export industry of the mainland's southeastern coast has grown rapidly in the last two years, causing the mainland to rapidly become the United States' second largest deficit trading partner. This is directly related to the turnkey factories, technology, and orders that these Taiwan and Hong Kong merchants have brought in. Hence, it appears that raising a tiger to court calamity is the most apt portrayal. The mainland's agricultural economy now would like to rise up but lacks the strength, large and medium mainstay enterprises have fallen deeply into a

quagmire of deficits. The greatest force propping them up clearly is precisely these sunset industries that moved from Taiwan and Hong Kong. This makes the sin of these sneaky Taiwan merchants for investing in chaos and courting disaster even more serious.

On the other hand, most of the firms that those from Taiwan and Hong Kong go to the mainland to invest in are at the farthest down stream stage of production. Many of their raw materials and intermediate products are given to suppliers on Taiwan. This also has caused Taiwan's favorable balance of trade with the mainland to grow rapidly. According to official estimates, this portion made up 80 percent of last year's favorable balance of trade. The concern about the level of dependence on the mainland that we have had for the last several years has clearly become very worrisome. This, however, could be a seriously undervalued figure, because, according to official estimates, approximately 40 percent of the products that Taiwan exports to Hong Kong are transshipped to the mainland. The above figures are estimated in this way, but shippers who know the inside story judge that the proportion transshipped to the mainland could be 80 percent or more. If that is true, not only would the previous estimate of the favorable balance of trade have to be adjusted up by 100 percent, but the Chinese mainland could all at once become second only to the United States as Taiwan's trading partner.

The third thing is that with the introduction of funds and technology from Taiwan, not only has the processing export sector of the southeastern coast come to hold the balance in the mainland's economy, the free enterprise mode of thinking and acting is spreading to the north and the west from this core area and the goals that we strived for with clumsy and inferior propaganda for a number of years are in this unplanned and uncontrolled way gradually taking on a force that we would never have dared to imagine.

Certainly the mainland authorities and even the innumerable common people still can take total unified China as their mission and from time to time not neglect to call for surrender or they will swallow this rich island. But all of the passive and defensive restraints that we adopt cannot in the least block the rapid rise of dependency and the closer unification of Taiwan's economy with the mainland's economy. What a dreadful situation this is for those with deeply felt fears.

But at the very same time that mainland economy is being spurred on and expanded by processing export industries, we also can clearly see that the intrinsic nature of communism also is being seriously attacked and eroded by this kind of developmental pattern. If this continues, it could grow into a huge shadow of a paper tiger and even though it has a mouth full of sharp teeth, it will have lost its original wild ferociousness.

We can draw a lesson from these facts. It certainly is not enough to take the past passive defensive and completely disorderly method of development, because its objectives

cannot be attained at all and because it is totally without order and loses the initiative, and we can have an opportunity to exert even greater influence.

Communist regimes are crumbling one by one throughout the world, but the Chinese Communists are still surviving and even maintaining an image of prosperity. The Chinese Communist authorities undoubtedly can feel complacent and think themselves clever. But the Chinese Communists are only depending on processing export industries to prop up a situation that cannot last for long. We believe that the Chinese Communist authorities also are somewhat on the alert. As Chinese, we also revere for the 1.2 billion Chinese compatriots that they still do not need to fall into the tragic situation of the citizens of other communist countries. But if they cannot greatly change their course, it is also only a matter of time before the Chinese Communists take the same disastrous road as their old Soviet big brothers.

For this reason as Chinese people on Taiwan today, whether for self-protection or out of a desire to once again lead China into the future, we have a responsibility that cannot be sidestepped and an irreplaceable strategy: actively intensifying our influence on the mainland and acting as a catalyst for peaceful evolution. The processing export industry has already created a powerful breakthrough to take advantage of the opportunity to make it spread to the north and to the west and to the hinterland of the mainland. It can become a great force that no one can resist. If we again have planned selection of labor from some areas of the mainland and allow them after one or two years of work to take their bountiful funds and know management concepts and strike roots and sow seeds in their homeland, by chain reaction they could become the most fertile seeds for spreading the ideology of freedom and equitable wealth. At this national economic conference, seven prestigious finance and economics scholars and industrial and business tycoons jointly proposed establishing a "China Development Fund." Their intention to be sure was to establish even more pipelines. We also approve of this type of thinking. But before raising billions, should we not even more promote those kindnesses that cost nothing and strategies that have an even deeper and broader influence?

**Country Ranks 9th in Capital Exporters**  
CNA 10/20/92 Taipei CNA in English 0804 GMT  
2 Apr 92

[Text] Taipei, April 12 (CNA)—The Republic of China has emerged as the world's ninth largest capital exporter, with its overseas investments reaching \$19 billion during the past five years.

According to international balance of account figures released by the Ministry of Economic Affairs (MOEA), Japanese investments abroad topped the world's list at \$160.4 billion, followed by Britain (\$143.4 billion) and the United States (\$134.4 billion). Taiwan placed ninth, with a small \$0.6 billion behind No. 8 Italy, the statistics showed.

The MOEA, however, forecast that the growth rate of Taiwan's overseas investments will soon surpass those of

the U.S., Japan and Germany, all of which boasted of large international investments in the past.

With the economies of the three countries still mired in the doldrums, the economics ministry pointed out, the large foreign exchange reserves plus the strong upturn in overseas investments is making Taiwan one of the world's major capital-exporting countries.

As for the direction of overseas investments, the China mainland is favored by local manufacturers, the MOEA said.

A survey conducted recently by the ministry found that about 18.2 percent of local firms have invested abroad, with the China mainland taking 21.25 percent, followed by the United States with 18.12 percent.

Those with intentions to invest abroad in the future accounted for 36.73 percent, with the China mainland snatching an impressive 35.5 percent, the survey showed.

These figures tell us that the China mainland is and will still be the top priority target for overseas investments by local manufacturers, the MOEA said.

#### **Economic Indicators Among 'Top in World'**

OW 1804/20092 Taipei CNA in English 0805 GMT  
18 Apr 92

[Text] Taipei, April 18 (CNA)—Though the economy of the Republic of China (ROC) faces some difficulties, many of its economic indicators remain among the top in the world, Economics Minister Hsiao Wan-chang said Friday.

Speaking on the topic of moving toward becoming an economic power, Hsiao said that domestic manufacturers have complained about tougher times, but overseas economic institutions continue to give high marks to the ROC's economic performance.

In a recent world economy forum and Swiss International Management Institution study of the competitiveness of 34 major trading countries, of the 10 newly industrialized countries included, the ROC was ranked either first or second in 37 of some 330 categories, Hsiao said.

He also said that the ROC has foreign exchange reserves of \$83.2 billion, the highest in the world, its exports total \$76.16 billion, the twelfth largest in the world. Its savings rate tops 30 percent, second only to Singapore and overseas investment for the past five years totaled \$19 billion, the world's ninth highest.

However, Hsiao said that these only indicate that the ROC has the potential to become an economic power if it upgrades its industries, maintains steady economic growth and moves toward becoming financial and trans-shipment centers.

Hsiao said that his ministry will coordinate the work of government agencies in preparing a timetable on the protection of intellectual property rights so as not to become a target of U.S. Special 301 Trade Retaliation.

**New Demographic Features of Hong Kong**

92CM0724 Hong Kong *JIADOWANG (OUTLOOK)*  
OVERSEAS EDITION in Chinese No 15, 13 Apr 92  
p 24-25

(Article by Zhu Zhengxin (2388 2973 1800): "Current Situation and Characteristics of the Population of Hong Kong")

[Text] Last year, the government of Hong Kong did some useful work in the area of social investigation. Under pre-prepared conditions, from March 15-24 it launched the largest scale Hong Kong-wide census in the history of the colony, which will become one of the statistical foundations for future study and formulation for Hong Kong's social development. On 28 October, the government's Statistics Office published a summary of the 1991 Hong Kong census results, synthesizing relevant material from previously published Hong Kong newspapers and periodicals. Comparing the current situation with that of 10 years ago, the population of Hong Kong has changed significantly, and the study summed up with the following seven key points:

1) The overall population has increased, but the level of increase has assumed a downward trend.

In the 10 year period from 1981 to 1991, the population of Hong Kong increased from 5,109,800 to 5,674,100, an increase of 564,300, or 11 percent. The population density went from 4,879 to 5,385 people per square kilometer, an increase of 504 people, or 9.4 percent. The number of households (families) went from 1,245,000 to 1,582,000, an increase of 337,000 households or 27 percent. In addition the average number of people per household went down from 3.9 to 3.4. The increase in new households, the change in the family structure, and the increased demand for housing over many years by Hong Kong citizens have created an acute shortage in the supply of residential housing in Hong Kong.

The population of Hong Kong has been continuously increasing, but the rate of increase has assumed a downward trend. From 1981 to 1986, the population grew at a rate of 1.5 percent annually, while from 1986 to 1991 this rate dropped to 0.6 percent, a drop of 80 percent compared to the rate of the 1970s, and less than half the average rate of 1.3 percent for the Asian-Pacific region. The major causes of this decline, in addition to the fact that in the 1980s the Hong Kong government adopted stricter admission policies, seriously limiting the number of foreign immigrants coming to Hong Kong, were the fact that Hong Kong experienced a drop in the birth rate, and the effect of foreign emigration. Over the last decade, due to increases in late marriages, contraception, and divorce, calculating on a per couple basis, the population birth rate fell from 1.9 percent in 1981 to 1.2 percent in 1990, which is lower than countries like West Germany and Denmark that are well-known for their low birth rates. Because the death rate did not change, remaining at 0.5 percent, the rate of natural increase dropped from 1.2 to 0.7 percent. On the other hand, the

increase in the number of people emigrating is also a factor. Estimates are that from 1991 to 1997 the Hong Kong population growth rate will still assume the lower level of 0.6 percent.

2) The majority of citizens are middle age, and there is a trend towards aging of the population.

Ten years ago Hong Kong was a world of young people, at present it has become a middle-aged society, with the average age of the population increasing from 26 in 1981 up to 31.3 in 1991. On the other hand, the percent of those over 65 jumped to 8.7, a total of 482,000 people, compared with a figure of 6.6 percent 10 years ago, a marked increase. The average life expectancy for males and females has risen from the figures of 71.6 and 77.9 in 1980, to 74.6 and 80.3 in 1990. The decrease in the rate of population increase and the aging issue are becoming more and more serious, on the one hand reducing Hong Kong's supply of labor, and on the other, placing increasing demands on Hong Kong's social welfare system. High-level officials of the Hong Kong government Health and Welfare Department estimate that in the wake of the aging of the population, from 2001 to 2011, one in five people in Hong Kong will be elderly.

3) Individual and family income is rising, but the gap between rich and poor is expanding.

In 1991 in Hong Kong the average monthly income of individuals engaged in business reached 5,170 HK dollars, an increase of 241 percent or 1,316 HK dollars compared with 1981, a yearly average increase of 13.1 percent. Calculating for a family, the monthly average (median) income over the last 10 years has gone from 2,960 HK dollars to 9,964 HK dollars, an increase of 237 percent, and a yearly increase of 12.9 percent. Therefore, over the last 10 years, there has been a large increase in individual and household real income. Of course, with expectations increasing daily, inflation has affected the lives of citizens, and caused dissatisfaction.

Under a situation where Hong Kong's economy continues to grow, though individual and household income are increasing, in the society as a whole, the wealth is distributed unevenly, and the wide gap between the rich and poor is becoming more and more serious. According to the Hong Kong government Statistics Office 1991 census material, the initially calculated Gini coefficient for Hong Kong in 1991 was 0.48 (note: the Gini coefficient is a method for calculating the distribution average of income and interest. It takes a value from 0 to 1. If the coefficient reaches a value of 0.5, the gap between rich and poor is considered serious), which is high compared to the 1981 value of 0.45. This is not only higher than that for Western countries (values from 0.32 to 0.35), but is also higher than the other three "mini dragons" of Asia. Hong Kong workers' real wages over the last five years increased by only 4.52 percent, which was the slowest among the "four mini dragons" of Asia. On the other hand, the salaries for high level positions over the last several years have increased tremendously, and one

mid-level manager, after a change of job and a promotion, within several years had tripled his salary.

4) There is full employment, but major changes are occurring in the employment structure.

Among Hong Kong's 5,670,000 people, about half (2,810,000) are employed. In the wake of development of the commercial economy, corresponding changes are occurring in the employed population structure. Among the employed population, the number involved in manufacturing has declined, falling from 990,000 people 10 years ago to 768,000 in 1991 (from 41 percent of the total employed population to 28 percent), and the number of people employed in financial, insurance, real estate and commercial services jobs went from 376,000 to 539,000 (a jump from 15.6 percent of the total to 19.9 percent). Finally, the number of people employed in the wholesale, retail and import-export, and restaurant and hotel businesses went from 461,000 to 611,000 people (from 19.2 percent to 22.5 percent of the total). The changes in the above described employment structure reflect the changing nature of Hong Kong's economy, which is gradually moving from a traditional industrial structure based on manufacturing, to a diverse economic structure based primarily on commercial service businesses. From the point of view of age, males aged 25 to 49 are almost all employed; over 80 percent of women aged 20 to 30 are employed; almost 60 percent of women aged 30 to 49 are employed. This situation reflects the growing independence of women, and the number of women getting married later or women continuing to work after getting married is growing daily, and the number of households with two people working is also getting larger.

5) The male/female ratio is basically balanced, and education levels are markedly higher.

The gender structure of Hong Kong's population has consistently been characterized by the fact that men outnumber women, but now this situation is changing. The census results indicate that the ratio of males to females is 1.038 to 1, basically tending towards a balance. Among those aged 25 to 40, the male to female ratio is 9.9 to 10.

In the last 10 years, the educational level of Hong Kong people has also noticeably risen. In 1991, 62 percent of the people of Hong Kong had a middle school or higher education, a marked rise compared to the figure of 50 percent 10 years ago. Among these, those 15 and older which a middle school or university preparatory school education when from 1,600,000 people (or 43 percent of the population) to the current 2,220,000 (or 51 percent of the population). Those with an advanced education also went from 250,000 people 10 years ago (or 7 percent of the total) to the current 490,000 people (or 11 percent of the total), an increase rate of 2 percent each year.

In addition, 88.7 percent of Hong Kong citizens customarily use Cantonese in the home; Fukienese has become the second most common language used in Hong Kong.

Other languages used include Hakka, Chaozhou hua, and Shanghai hua. The percentage of those using English is only 2.2 percent. At the same time, the survey discovered that one in three Hong Kong citizens indicated understanding of spoken English, while only 18 percent indicated understanding of putonghua (Mandarin).

6) Major changes have occurred in the population distribution, with the overly dense urban population problem easing somewhat.

Over the last decade, in the wake of a significant amount of land being requisitioned in the New Territories, the large amount of construction of residential housing, and the development of new towns, major changes have occurred with the population distribution in Hong Kong. Kowloon and the New Kowloon old city district population has dropped from 2.5 million in 1981 to 2 million, a 20 percent drop. The population of Hong Kong Island has stayed the same at 1.2 million, but the population of Hong Kong's Wanchai area, and the western district population have been reduced by 23.6 percent and 10.8 percent respectively. The population of the New Territories has jumped from 1.33 million to 2.37 million, an increase of 1.04 million people, or 78.7 percent, and now contains 42 percent of the overall population, up from 26 percent 10 years ago. The major cause of the increase in the population of the New Territories is the sudden development of a series of new towns. These new towns include, Chuantai, Kweiching, Shatian, Tunmen, Dapu, Shangshui, Fenling, Yuanlang and Chiangchunao. At present nearly 90 percent of the population in the New Territories lives in these new towns, reaching 2.1 million people, or nearly 37 percent of the overall population. With the exception of the south district of Hong Kong Island, the population densities of each of the new cities is lower than the urban districts. The living conditions of the new towns are relatively comfortable, with the overwhelming majority of households living in single family units. It is evident from this that the development of the towns of the New Territories has basically succeeded in "dredging" the urban districts to gradually reduce the population concentration.

7) The number of people living in Hong Kong and holding foreign citizenship has increased greatly, and will continue to expand.

Over the last 10 years, the number of people living in Hong Kong and holding foreign citizenship has gone from 209,000 (accounting for 2.5 percent of the overall population) to the current 283,000 people (or roughly 5 percent of the total), an increase of 119 percent. The reasons for the increase are varied, with the principle cause being the fact that the number of Filipinos and Thais seeking work as maids is increasing daily. Second is that fact that many large foreign companies have established branch organizations in Hong Kong. In addition, after Hong Kong people obtain passports in the United States, Canada, or Australia, etc., many of them return to Hong Kong. Among those holding foreign citizenship, most hold British citizenship, nearly 69,000

people, or 24 percent of the total. Filipinos are second, with 65,000 people (among these 90 percent are female maids), or 23 percent of the total. Portuguese and American citizens are also numerous, amounting to roughly 18,500 people, or 6.5 percent. Next are Canadians, amounting to 15,000 people (an estimate by the Canada prefectural commissioner's office puts the number between 30-50 thousand). India, Pakistan, Bangladesh and Sri Lanka, amounting to 14,000 people or 5 percent of the total. Thailand comes in at 12,000 people, and Japan at 11,000 (some estimates place the number at 20,000), or 4 percent each. Other countries total 61,000 people, or 22 percent. Hong Kong press figures estimate that if Hong Kong maintains its prosperity and stability, the number of those living in Hong Kong and holding foreign citizenship will continue to increase, and by 1997, the number of those holding foreign passports could exceed 600,000 people.

#### Joint Crime Control Across Border

92CM02881 Hong Kong MING PAO in Chinese  
5 Apr 92 p 17

[Article: "China and Hong Kong Studying Cross Border Crime Control Measures"]

[Excerpt] Hong Kong Police Department Head Li Chun-hsia [2621 0689 1115] went to Shenzhen yesterday to meet with Guangdong Provincial Public Security Bureau Chief Chen Shaoyi [7115 4801 1015] to discuss further joint actions to deal with problems of smuggling and cross border crimes involving both territories. Chen Shaoyi revealed to Li Chun-hsia that Guangdong Province is also confronting serious armed robberies, and has taken stern countermeasures, otherwise there would be more armed robbers going into Hong Kong for criminal activities. Li Chun-hsia expressed satisfaction with this meeting, and intimated that both sides are studying how to solve the cross border crime issue under two different laws and systems.

In addition, Shenzhen sources told this newspaper that in this meeting, the responsible Hong Kong and Guangzhou public security officials discussed not only the question of how to prevent arms and weapons from coming into Hong Kong, but also the question of Chinese public security personnel crossing the border in pursuit of smugglers. The sources were, however, unwilling to reveal further details of the meeting. But the Shenzhen side at yesterday's meeting did hand over to the Hong Kong police a batch of material on suspected stolen vehicles from Hong Kong.

The Shenzhen visit is Li Chun-hsia's second trip to China in two weeks to meet with high-level Chinese public security officials. He made a sudden visit to Beijing on 24 March. This time, the high-level police officials accompanying Li Chun-hsia to Shenzhen included Operations Department Director Hsu Ch'i-an [6079 3217 1344], Operations Department Deputy Director (Criminal Branch) Huang Ts'an-kuang [7806

3503 0342], Chief of Police Tseng Yin-p'ei [2582 5593 1014] and Chief Police Inspector Cho Chen-hsien [0587 2182 6343]. On the Guangdong side, there were Public Security Bureau Director Chen Shaoyi and two deputy directors, as well as Shenzhen public security department officials.

Upon returning to Hong Kong, Li Chun-hsia stated that this meeting was similar to the Beijing visit last month, the main objective was to strengthen cooperation in exchanging intelligence, and raise efficiency, including exchanging certain criminal case materials to facilitate mutual cooperation and criminal investigation of existing cases.

As for the issue of blocking or cutting off the flow of arms and weapons into Hong Kong, Li Chun-hsia pointed out that the Guangdong authorities are also faced with the problem of arms and weapons coming into Guangdong and the pressure and effect of armed robbery cases. If it were not for the stern measures taken by the Guangdong Provincial Public Security Bureau, this problem would be an even greater headache. The Guangdong Provincial Public Security Bureau officials provided certain relevant numbers in this regard, and the Hong Kong police also had some new suggestions. But Li Chun-hsia did not reveal what these suggestions might be.

As for the smuggling problem in both areas, Li Chun-hsia said Guangdong Province has a long coast line, and it is not easy to cope with smuggling activities. For example, some 600 fishing boats enter Hong Kong daily, and any action to block or cut off smuggling by speed boats must proceed on both land and sea. On land, some 1,500 vehicles enter Hong Kong daily, some 150,000 people come into and leave Hong Kong every day, and it is not easy to block or cut off smuggling definitively. The Chinese side has now set up an anti-smuggling office, and in the near future will further strengthen cooperation with the Hong Kong police.

Li Chun-hsia further revealed that although coordination is difficult given the differences in law and systems in China and Hong Kong, both sides are striving to find solutions to deal with criminals in cross border criminal cases.

Li Chun-hsia expressed satisfaction with results of the Shenzhen meeting which is a prelude to another meeting scheduled for the end of this month or early next month in Beijing where he will again discuss cooperative measures to deal with criminal activities. (passage omitted)

#### Drastic Increase in Illegal Mainland Immigrants

92CM02884 Hong Kong MING PAO in Chinese  
13 Apr 92 p 4

[Article by Lin She-ping (2651 4357 3521): "Close to 100 Illegal Immigrants Caught Daily. Hong Kong-Macao Agree To Increase the Number Repatriated"]

[Excerpt] According to police records, the number of illegal immigrants apprehended last month reached 2,810, the largest number recorded since July, 1990. To expedite repatriation of these illegal immigrants, Hong Kong and Guangzhou authorities have agreed that beginning 5 March, the number of persons to be repatriated daily would increase from 150 to 200.

Hong Kong government sources revealed that the number of illegal immigrants apprehended last month was the largest since July 1990, with a record of 3,270 people in one day and a daily average of 91 persons. But the situation has improved slightly with the number of illegal immigrants caught declining somewhat after Hong Kong Police Chief Li Chun-hsia paid a sudden visit to Beijing on 26 March. In the past several days this month, the number of illegal immigrants caught ranged from 60 to 70 daily.

According to some of the illegal immigrants, the situation was tense on the Chinese side recently with the authorities taking steps to block and cut the flow of emigrants, especially smuggling activities. Public security units have tightened inspection of boats plying between Hong Kong and Guangzhou, which indirectly affected the smuggling of illegal immigrants into Hong Kong.

Sources believed this situation could be the result of Li Chun-hsia's visit to Beijing with both sides agreeing to strengthen their cooperation. But the source emphasized that recent bad weather affected smuggling by sea of illegal immigrants and could account for the lower number, and that one cannot conclude anything without further observation.

Since 26 March, after Li Chun-hsia visited Beijing, the number of illegal immigrants caught in the next two days were still 94 and 93 respectively; but there was a clear drop to 47 on 29 March; to 59 on 30 March; and to 45 on 31 March. At the beginning of April, however, the number began to increase slightly. Sources believe that this situation could be related to China's leader Deng Xiaoping's speech on his southern tour of the Shenzhen and Zhuhai Special Economic Zones that China should further open up, the kind of good news that once again attracted many people to blindly rush to the south to pan for gold. [passage omitted]

### Why More Teenagers Commit Suicide

92CM0288C Hong Kong MING PAO in Chinese  
1 Apr 92 p 51

[Article by Jung Ching-wen (1369 7234 7186): "Why Do Teenagers Think of Committing Suicide. Hong Kong University Lecturer Analyzes Causes"]

[Excerpt] [passage omitted] According to data collated by this reporter from mid-September last year when classes in secondary and elementary schools began up to now, there have been 27 attempted suicides by teenagers age 19 and below, 15 of the attempts were by males, 12

were by females, and 21 of the attempts resulted in death. Those who ended their lives by jumping from buildings totaled 22, four swallowed pills, and one cut his wrist.

Teenagers who attempted suicide ranged in age from 10 to 19 (six in this age group), most were 14 to 16 years old (four to five in this age group), and four were 19 years old.

In terms of grades, most of the teenagers were in junior high first to third year, with three persons each in the first and third year, and six in the second year; the others included students in the sixth grade, and in college preparatory studies. Some were employed, and some unemployed.

As for the suspected causes of suicide, school and family problems were the most frequent causes, with each accounting for eight suicide attempts. Six suicide attempts were the result of emotional problems. Other causes included ridicule by classmates, disputes in school, personality problems, spiritual condition and emotional state.

The above data covered only the last seven months, and cannot entirely or accurately reflect the real situation. However, if the data is compared with those of the last two years supplied by the Education Department, one cannot help but be shocked. According to Education Department data, 26 students attempted suicide from 1989 to 1990 with only one death; the number of attempted suicides increased to 35 from 1990 to 1991 with three deaths.

Hong Kong University Social Work and Sociology Lecturer Li Ch'eng-fu [2621 2052 1381] said that when most people analyze the causes of teenage suicide, they give too much emphasis to the immediate cause and ignore the underlying causes, including the teenagers' physical and psychological development, and recent changes in their lives.

Li Ch'eng-fu indicated that all young people have individual traits, which in the course of their growth and development and under influences of environmental and familial factors, could become distorted and create personality problems that influence how they respond to pressure, their future, and their relationship with other people.

He said the young people who have been passive and moody for a long time find it very difficult to cope when suddenly confronted with changes in life, such as a family breaking up, transferring to another school, or graduating from elementary to secondary school. When a triggering event is added to the situation, they feel that their life has reached the end and choose suicide to solve the problem. This may well explain why, among the suicide cases, most are teenagers in their first to third year of junior high school.

## Circumstances of Teenage Suicides From September, 1991 to Date.

Age	10	11	12	13	14	15	16	17	18	19
Number of Suicides	1	1	1	2	6	4	3	2	1	4

Suspected Reason for Suicide	Number of Persons	Number of Deaths
School Grades	8	6
Family Problems	8	5
Emotional Crises	6	6
Mocked by Classmates	1	1
Disputes in School	1	1
Personality Problems	1	1
Spiritual Problems	1	1
Emotional State	1	0
Total	27	21

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